

S Research Award
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Israelis To Stay in Lebanon

Peres Rejects UN Demand to Leave the South

JERUSALEM — Prime Minister Shimon Peres rejected on Wednesday a United Nations Security Council resolution calling on Israel to withdraw from Lebanon. The Security Council voted 14-0 Tuesday to adopt a resolution calling "for an end in southern Lebanon to any military presence which is not accepted by the Lebanese authorities." The United States abstained.

Mr. Peres said that UN troops were not sufficient protection for Israel's northern border. "I hope that the Security Council will come to terms with reality," he said.

Mr. Peres added that he saw a need for the nine-nation, 5,800-member UN Truce Force in Lebanon but not for its deployment as far as the Israeli border. Israel maintains about 1,000 troops in southern Lebanon to back up the tiny South Lebanon Army militia, which patrols a narrow buffer zone along the border.

In New York, Foreign Minister Yitzhak Shamir said that the resolution ignored the security needs of Israelis and Lebanese alike. Benjamin Netanyahu, the Israeli ambassador to the UN, said that Israel would not comply with it.

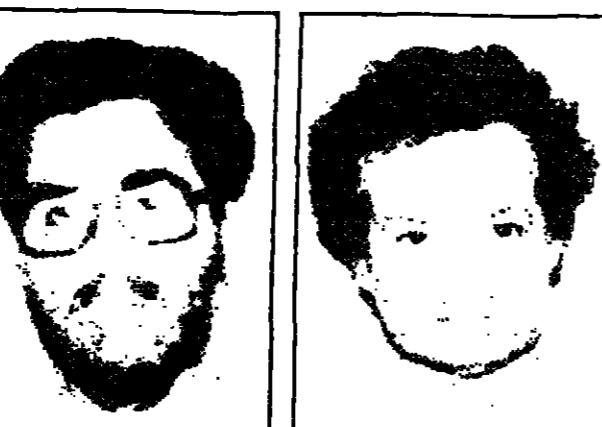
But Mr. Peres indicated that Israel wanted the continuation of the force, known as UNIFIL, which has been patrolling southern Lebanon since 1978.

He said that he understood that "if UNIFIL will depart from Lebanon, the chaotic situation will simply be augmented. On the other hand, UNIFIL alone cannot guarantee the peace of Lebanon, neither in Beirut nor in the south."

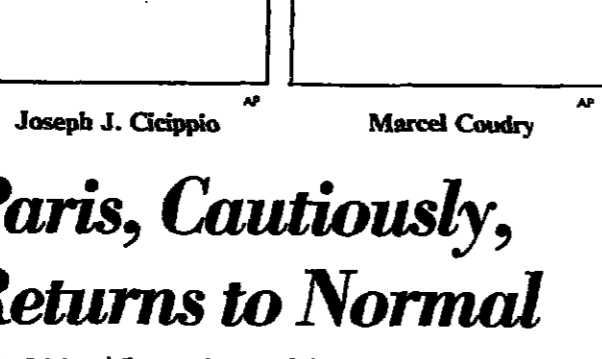
Abduction Is Reported
A clandestine group believed to be made up of Moslem Shiite extremists said Wednesday that it had kidnapped another Frenchman and was holding an American who was abducted here 12 days ago, The New York Times reported from Beirut.

The Revolutionary Justice Organization made its claim in a written statement delivered to the West.

See LEBANON, Page 2



Joseph J. Cicippio



Marcel Coudry

Paris, Cautiously, Returns to Normal

PARIS — With one week having passed since the last terrorist bomb attack, this city is cautiously moving toward a return to normal life following the worst series of assaults in more than 20 years.

President Francois Mitterrand said Wednesday that he was postponing a much-awaited decision regarding a controversial plan to redraw French election districts because of the crisis atmosphere still prevailing in this country.

But, while extra security measures were abundant and obvious, few events here were being canceled or postponed as Parisians began to enter the tentative hope that the bombing assaults might be over, at least for some time.

Meanwhile, the French police found a new piece of evidence linking the attacks with a brother of Georges Ibrahim Abdallah, the suspected terrorist leader whose release is being demanded by the group claiming responsibility for the bombings.

The police said Wednesday that a witness at Orly airport near Paris testified that she saw Emile Abdallah, suspected by police in the bombing of the Tati department store Sept. 17, leaving Paris hours after the attack on a flight to Vienna.

The police have been seeking to prove that Mr. Abdallah could have participated in the attack, which took place at about 5:30 P.M., and then got to his home near Tripoli, Lebanon, where he met reporters only 18 hours later.

Mr. Abdallah and other members of the Abdallah family suspected by the police in other bombing attacks here have proclaimed their innocence to reporters in Lebanon. Residents of the town of Kabbayat, where the brothers live, have told reporters that all four were there on the days the attacks took place in Paris.

However, the French police maintain that the brothers of Mr. Abdallah, along with several other associates, were seen in France by reliable witnesses at the sites of bombing attacks only moments before they took place.

The police maintain that Emile Abdallah could have gone directly to Orly airport following the attack and, using false papers, boarded a flight for Vienna that left Paris at 8:50 that night. In Vienna, he could have boarded another flight that arrived in Cyprus, which is only four hours from Tripoli by motor launch, at just before 4:00 A.M. on Thursday.

Police investigators were in Vienna to try to discover the identity that Mr. Abdallah could have used. A total of nine people have died and more than 160 have been wounded in five bomb attacks over a nine-day period starting on Sept. 8.

Responsibility for the attacks has been claimed by a group calling itself the Committee for Solidarity with Arab and Middle Eastern Political Prisoners, which police believe was made up of several Lebanese and Palestinian militants.

U.S. Calls Spy Case Unsolved

Soviet Proposals On Daniloff Are 'Unacceptable'

By Barry Schwed
The Associated Press
UNITED NATIONS, New York — Despite optimistic Soviet comments about talks on Nicholas Daniloff, the American journalist, a Reagan administration official said Wednesday that Moscow had not made any acceptable proposals that would allow the journalist to return home.

The U.S. News & World Report correspondent has been detained in Moscow on espionage charges that the United States insists are the result of a frame-up.

Eduard A. Shevardnadze, the Soviet foreign minister, and Secretary of State George P. Shultz met twice Tuesday in New York to discuss Mr. Daniloff's case, a State Department spokesman, Bernard Kalb, said.

"No resolution, not resolved," Mr. Kalb said following the first meeting, held at the United Nations. He later said the two diplomats had met again at the Soviet UN mission, but he declined to comment on those talks.

Mr. Shevardnadze told reporters, "There are good chances for solving this problem. I've made all my proposals. My conscience is clear."

But in Washington, a Reagan administration official who requested anonymity, said Wednesday, "There hasn't been anything acceptable to us that the Soviets have proposed yet."

He said the two sides had offered several proposals but that the Russians were still insisting that Mr. Daniloff be traded for Gennadi F. Zakharov, a Soviet UN employee who was charged in New York with spying a week before Mr. Daniloff's arrest in Moscow on Aug. 30.

The United States insists that the two cases are not comparable and has ruled out a trade.

The Washington Post, citing unidentified sources, said Wednesday that Moscow had proposed to first release Mr. Daniloff and then release at least one Soviet dissident in exchange for Mr. Zakharov.

Mr. Kalb refused to comment on the report. U.S. officials have said previously that the State Department proposed that Mr. Daniloff be released in exchange for a Soviet dissident.

But it said that the attackers had been armed with a wide assortment of weapons, including explosives and rocket launchers.



South African Miners Hold Memorial
A miner held his shoulder high with a fire round his neck, representing the burning "necklace" used in South African black townships to kill alleged collaborators with white rule. He was attending a service Wednesday for the 177 victims of an accident in the Kinross gold mine last week. Page 5.

13 Die in Raid by Dissidents in Togo; Eyadéma Appears to Maintain Power

LOME, Togo — Togolese forces killed seven members of a heavily armed raiding party that had crossed the border from Ghana and made attacks at dawn Wednesday in the capital of Lomé, the Togolese government said.

It said that six civilians had been killed in the attacks. International communications were not cut, an apparent indication that government forces had retained control.

Togo, which closed the border to Ghana on Wednesday, has often complained to Ghana about activities of Togolese dissidents in Ghana, but Accra officials deny that they operate in Ghana.

An official statement that was broadcast Wednesday morning on the state radio in French and in Togo's three main local languages said that a further 19 members of the attacking force had been captured and that security forces were hunting for others still at large. It did not say how many were in the party.

The government statement urged Togolese to stay calm and remain indoors. All shops and department stores remained shut, and the army set up roadblocks at strategic points.

The radio broadcast music interspersed with repetitions of the statement.

It was not immediately clear if the attack was part of a coup attempt against President Gnassingbé Eyadéma, 50, the French-trained army general who has ruled the former French colony since seizing power in a bloodless military coup against President Nicolas Grunitzky on Jan. 13, 1967.

Togo, part of the German West African colony of Togoland until the end of World War I, became independent from France in 1960.

The statement did not say what targets had been attacked in Lomé, a city of 300,000.

But it said that the attackers had been armed with a wide assortment of weapons, including explosives and rocket launchers.

Jobs Rate Improves In OECD

Employment Growth Called 'Modest at Best'

By Axel Krause
International Herald Tribune
PARIS — The Organization for Economic Cooperation and Development said Wednesday that employment in Western industrialized countries has been growing since the summer of 1985 and that the rate will pick up later this year and continue through 1987.

"We are by no means heading back to full employment, but the OECD area is turning the corner on jobs," said Ronald Cass, the agency's director for manpower, social affairs and education, referring to its annual employment outlook report released Wednesday.

OECD secretariat officials, however, described the rate of growth in jobs as "modest at best" — about 1 percent a year. They added that the growth rate "may be picking up slightly this year."

Using calculations based on OECD figures, an estimated 375 million people are now employed in the organization's 24 member nations, which include the United States, Canada, European Community members, Nordic countries, Japan and Australia.

Officials said an increase in the number of jobs will help total unemployment throughout member countries stabilize at about 31 million, or 8.2 percent of the work force, until the end of 1987. Even so, they said, that figure is the highest since 1983, and is 63 percent, or 12 million, higher than the total unemployed of 19 million in 1979.

OECD said it expected unemployment to continue declining during the second half of this year in the United States, Australia, West Germany and Britain. They predicted the unemployment rate would remain almost unchanged in France and Canada and would rise slightly in Japan and Italy.

"Tragic, desperate problems remain, such as high levels of unemployment among youth and those out of a job for a year or more, particularly in Europe," Mr. Cass said. "But employment is going up everywhere, which is a hopeful sign," adding that "it is vital to keep the recovery going."

The OECD, based in Paris, is forecasting that gross national product in its member nations will grow 3 percent this year and 3.25 percent in 1987. GNP measures the total value of a nation's goods and services.

The employment report said that civilian employment in major West European countries has risen by 1.1 million, or 1.2 percent, since the end of 1982, primarily in Britain and Italy. Employment in Japan rose a seasonally adjusted 1.7 million, or 3 percent, over the same period.

But the biggest gains came in North America, where the number of new jobs jumped by an average 9.8 percent a year, or a total of nearly 10.8 million jobs created, the report said. Most of that gain was in the United States.

The agency also warned about what Mr. Cass termed "the perverse" effects of concealed unemployment, also known as the underground economy. The OECD defines this as work for which a payment, though made, is not reported to governmental authorities; the category excludes crime, household and community activities.

The harmful effects of the underground economy, he said, are being felt in Port Elizabeth and nearby Uitenhage.

But what they lost in rejection by white Port Elizabeth, they gained in acceptance by the township people of Kwazakhele, Zwidze and New Brighton, where they became heroes and drawing cards on the rugby fields every weekend.

Last year, with racial unrest in the troubled eastern Cape region at its height, black activists launched a massive consumer boycott in Port Elizabeth as an act of political protest, but exempted the Watsons' stores.

While hundreds of white businessmen in the city went bankrupt, the Watsons prospered.

Last October, the Watsons went to a nearby holiday resort for a weekend. They asked two black employees, Mkele and Geoffrey Nocaanda, to guard the big family house while they were away.

Rebels to Let Plane Fly Food to Southern Sudan

KHARTOUM — The rebel army fighting government troops in southern Sudan has promised safe passage for an aircraft carrying relief supplies to the area, a senior rebel official said.

The airlift to the south is part of Operation Rainbow, sponsored by the United Nations, the Netherlands, the United States, Canada, the United Nations Children's Fund and the United Nations World Food Program.

The director of operations for the World Food Program in Sudan, Staffan de Mistura, said Tuesday that the Sudan People's Liberation Army had undertaken not to shoot down a C-130 transport plane that would make two relief flights within the next few days.

An estimated two million people in the south are believed to be affected by famine caused by drought and war. The rebel army, which says it controls more than 95 percent of the south, had threatened to shoot down any plane flying over the area without authorization. The guerrillas shot down a Sudan Air plane last month, killing all 60 people on board.

Mr. de Mistura said the transport plane was expected in Khartoum on Wednesday and was scheduled to fly food and medical supplies to the southern town of Yriol on Friday.

The plane would return to Khartoum on the same day and then fly to Wau, capital of the southern province of Bahr al-Ghazal, with a similar cargo.

Mr. de Mistura said that he reached the agreement with the rebel army during a visit to Addis Ababa last week.

He said that his contact with the rebel army did not mean that the United Nations recognized the rebels.

4 Rugby Stars Pay a High Price for Rejecting Pretoria's Rules

By Allister Sparks
Washington Post Service
PORT ELIZABETH, South Africa — The four brothers Watson, known hereabouts as star rugby players and white liberals, have run into a lot of trouble since they first began making anti-apartheid gestures 10 years ago in this racially conservative region of South Africa's eastern Cape Province.

Never before, however, have they hit the trouble they face now, with three of them in jail awaiting trial.

The Watsons are accused of setting fire to the house where they all lived to collect insurance money.

Gavin Watson, the one who is free, said in a recent interview here that they were the victims of a massive "dirty tricks" operation, sanctioned by South African authorities, to discredit them because of their stand against the rigid system of racial segregation and white-minority rule known as apartheid.

To support his claim, Gavin Watson cited a recent court action in which it was revealed that a black employee who has been detained as a potential state witness to testify against the Watsons had smuggled notes out of his cell in which he wrote that he had been tortured and forced to sign a false statement implicating the brothers in the fire.

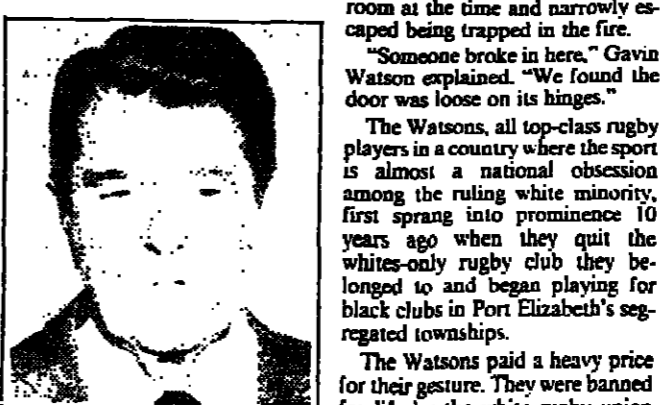
In the notes, the employee, Archie Mkele, said that after beating him and suffocating him with a wet bag pulled over his head, his police interrogators told him: "We want to crush them and make them crawl like snakes and in doing so we are going to you. We are going to give you the facts and details of the statement you have to give in court."

Valence Jr., 5, was asleep in the room at the time and narrowly escaped being trapped in the fire.

"Someone broke in here," Gavin Watson explained. "We found the door was loose on its hinges."



CHARITY BRAWL — Members of two rival charity groups in Bangkok battled Tuesday night over the corpse of a man killed by a bus. Police arrested 12 men and said they might ban the groups, which were striving for more prestige and contributions.



President Reagan during his speech to supporters.

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■ Honeywell intends to negotiate with Bull of France and NEC of Japan on combining its computer business. Page 13.

Reagan Threatens to Veto Military Spending Bill

By Jonathan Fuerbringer
New York Times Service
WASHINGTON — President Ronald Reagan has sharply criticized the House of Representatives for provisions on arms control that it has added to two spending bills and has threatened to veto the two measures.

Calling the provisions restrictive, he told a group of conservative supporters Tuesday: "If the defense budget arrives on my desk looking anything like that, I'll veto it."

In issuing the threat, Mr. Reagan also accused the Soviet Union of having played "propaganda games" with its call for a ban on nuclear testing.

Reagan Threatens to Veto Military Spending Bill

He termed such a ban a backdoor approach to achieving a freeze in nuclear weapons rather than the reductions that the United States is seeking in arms control talks in Geneva.

The criticism was in contrast to Mr. Reagan's speech Monday to the United Nations General Assembly, in which he expressed optimism that the two sides could reach an arms control agreement in Geneva.

Mr. Reagan said Tuesday that the Russians were still "relentless adversaries" and that the assessment had been made evident by the arrest in Moscow of an American news reporter, Nicholas S. Daniloff, who has been accused of spying.

Reagan Threatens to Veto Military Spending Bill

Mr. Reagan said the military buildup he had pursued since taking office was a factor in a more serious negotiating attitude that he said Moscow had shown in arms control talks.

Mr. Reagan's comments came as House and Senate conferees began to try to work out a compromise on the Pentagon legislation, which extends and establishes military programs for the 1987 fiscal year, beginning Oct. 1.

The House version of the bill includes a one-year moratorium on all but the smallest underground nuclear tests, a ban on testing an anti-satellite missile in space, and a

Soviet Calls for UN Nuclear Standards, Promises Acceptance

VIENNA — A deputy prime minister of the Soviet Union, Boris Y. Shcherbina, called Wednesday on the International Atomic Energy Agency to develop basic safety standards for nuclear energy and said that his country would accept such criteria.

Speaking on the first day of the UN agency's conference on improving international cooperation in nuclear safety, Mr. Shcherbina said that the agency should form a group of experts to develop such standards for all aspects of nuclear power.

The Soviet Union would be prepared to say that "these standards should be applied to our nuclear industry," Mr. Shcherbina said.

He was part of the Soviet commission that investigated the April 26 accident at Chernobyl, in the Ukraine, and flew to the conference in Vienna directly from the site of the crippled reactor.

He also said that he would sign draft conventions on mutual assistance and early notification in the event of a nuclear accident. These conventions are to be discussed at the conference.

"We will immediately sign these conventions," said Mr. Shcherbina. "And we are going to apply these conventions even before they come into force."

Under the notification conventions, countries that are members of the International Atomic Energy Agency would be compelled to inform fellow members if a radiation leak from a nuclear plant threatened to cross national frontiers.

Sources at the conference said that Moscow also was discussing visits by teams of the UN agency's experts to Soviet nuclear plants to review safety. But the talks are still at an early stage, they said.

Soviet Bureaucrats Blamed

In an article linking the Chernobyl disaster to a history of Soviet bureaucratic bungling, a leading newspaper criticized the choice of an often-flooded river bank as the site for the nuclear plant, The Associated Press reported from Moscow.

Boris Oleinik, a Ukrainian writing in the weekly Literaturnaya Gazeta, traced what he said was negligence at Chernobyl to a long history of bureaucratic ineptitude in the country as a whole.

For decades, he said, incompetents were retained and even promoted for political reasons. Discipline had been lax, signs of major problems had gone unheeded and industrial managers had artificially inflated output targets and promised to finish projects ahead of time just to please political leaders.

The Chernobyl plant was built about 80 miles (130 kilometers) north of Kiev on the banks of the Pripyat River. Mr. Oleinik noted that the Pripyat is the largest tributary of the Dniester, which in turn is the region's major waterway and the source of much of the Ukrainian capital's drinking water.

The Pripyat, he wrote, "has low banks, which is important during the four-month spring flooding when water inundates significant areas."

"Today, when so much effort is expended and so much of the people's money spent to protect water resources, this question" of the plant site "arises again, and poses not only a lesson but a warning for the future."

Bonn Rules Out Ban

The West German government refused Wednesday to rule out building more nuclear power plants, despite increased opposition in the country to atomic energy, The Associated Press reported from Bonn.

But the cabinet approved an increase of 50 million Deutsche marks (\$24.4 million) in funds for research into new and renewable energy sources, such as wind and solar energy.

Currently, 150 million DM is spent annually on such research.

WORLD BRIEFS

Official Defends Jamaican Killings

MIAMI (NYT) — Jamaica's security minister has confirmed that the police in the Caribbean nation have killed an average of 200 civilians yearly for the last seven years, but he has denied the charge that many of the killings amounted to "the regular practice of summary execution."

Winston Spaulding, Jamaica's minister of national security and justice, made the statement Tuesday in response to a new report by Americas Watch, a human-rights group based in New York. He denied its assertion that "the Jamaican police seek out those they suspect of having engaged in crime or of possessing firearms and summarily execute them."

Mr. Spaulding said Jamaica had been troubled for years by warring gangs wearing the colors of the two major political parties, competing drug barons and "left-wing terrorists" trained in Cuba who commit "robberies, murders and shootings to create fear, insecurity and a great lack of confidence in the government." He said the majority of the victims had been armed criminals cut down in shoot-outs with the police.

Beijing and Moscow Schedule Talks

BEIJING (Reuters) — China and the Soviet Union will hold a ninth round of talks on normalizing political relations in Beijing beginning Oct. 6, the Chinese Foreign Ministry said Wednesday.

It will be the first session since the Soviet leader, Mikhail S. Gorbachev, gave a speech in Vladivostok in July in which he offered concessions on a number of disputes. The talks began in 1979.

Mr. Gorbachev offered to withdraw some troops from Afghanistan and Mongolia and to make concessions over disputed frontier islands. But he made no offers on reducing the Vietnamese military presence in Cambodia, which China considers to be the most important obstacle to improved relations.

Missionary Dies in Kenya Police Office

NAIROBI (Reuters) — Lyle Marvin Hutson, a U.S. missionary detained last week on security charges, died at the headquarters of Kenya's Criminal Investigation Department Wednesday, security sources said.

Mr. Hutson, who was working with the Associated Christian Churches of Kenya, an evangelical group, collapsed in the waiting room while making his daily visit to the department, they said. He and another American missionary, Richard Scott Hamilton, were detained in the northwest town of Kitale on Friday and released in Nairobi on Sunday on condition that they reported to the police every morning, the sources said.

The two U.S. citizens and a third person of unknown nationality are accused of violating Kenya's security by illegally importing powerful radio transmitters and walkie-talkies. President Daniel arap Moi said Tuesday that the government took a serious view of the case and would be extra vigilant to prevent such consignments entering the country.

U.S. Tax Bill Will Pass, Opponents Say

WASHINGTON (AP) — Opponents of legislation to overhaul the U.S. tax system conceded Wednesday that they had little hope of defeating the reform bill, which is due for a vote in the House on Thursday.

"When David goes against Goliath, Goliath wins most of the time," said Representative William R. Archer, a Republican of Texas, one of the leaders of the effort to defeat the bill. A day before the scheduled House vote, the supporters of the reform made a final push to assure its passage.

"We can't afford to become complacent," President Ronald Reagan told business supporters of the bill on Tuesday.

Karpov Favored as Game Adjourns

MOSCOW (AP) — Anatoli Karpov continued his comeback in the world chess title rematch Wednesday, sealing his 41st move while in a winning position against the champion, Garry Kasparov, in their 19th game.

Mr. Karpov, playing white, is a pawn up in an end-game position. Many experts predicted that Mr. Kasparov would resign the game before play is resumed Thursday.

Mr. Kasparov leads, 9.5 to 8.5, but a victory Thursday would bring Mr. Karpov equal and crown a series of three consecutive victories. The chess title will go to the first player to get 12.5 points or six victories in the 24-game rematch. In the event of a 12-12 tie, Mr. Kasparov retains the crown he took from Mr. Karpov, 13-11, in November.

GAME 19 GRUENFELD DEFENSE

White Karpov	Black Kasparov	White Karpov	Black Kasparov	White Karpov	Black Kasparov
1. d4	Nf6	15. Nd3	Nb5	29. Be7	Nc8
2. e4	g6	16. Ne7	Nc3	30. Be5	Rd8
3. Ne3	d5	17. Ne6	Rc6	31. Re5	f6
4. Nf3	Bg7	18. Qd3	Qd2	32. Rf5	b6
5. Qc3	d4	19. Rq1	Qc4	33. Bb4	Ne7
6. Qc4	Qc6	20. Nf2	Qd4	34. Bb6	Rd5
7. e5	Nd6	21. Qe4	Qc4	35. Kg5+	Rg5
8. Be2	c5	22. Na4	Be3	36. Bg5	Nc6
9. d5	e6	23. Nf2	Bd2	37. Kc5	Kf7
10. Qd4	d4	24. Bb2	Be7	38. Kd3	Kc6
11. e6	Bf5	25. Bg5	Bc5	39. Ke4	Ne5+
12. Bf4	Rd8	26. Bf3	g5	40. Kd4	Nc6+
13. Rad1	Nc4	27. Bg5	Bx1	Game adjourned	
14. Nb5	Qe6	28. Kxf1	Nd6		

For the Record

A spokesman for President Kurt Waldheim of Austria rejected Wednesday accusations by the World Jewish Congress that Mr. Waldheim handled anti-Jewish propaganda leaflets during World War II. The organization said Tuesday that the Nazi pamphlets, found in the U.S. National Archives, were initiated by Mr. Waldheim in 1944. (AP)

A court in Rome acquitted a U.S. journalist Wednesday on charges of revealing judicial secrets in a New York Times article. Claire Sterling quoted excerpts from a judicial report in her article about the alleged "Bulgarian connection" in the 1981 attempt to assassinate Pope John Paul II. (UPI)

The arraignment of 23 soldiers and a businessman charged with killing the Philippine opposition leader, Benigno S. Aquino Jr., has been set for Oct. 6. (AP)

TERROR: A Return to Normal

(Continued from Page 1)

lieve is led by Mr. Abdallah's four brothers and five other associates. The apparent link in the attacks has supported the police hypothesis that the nine suspects — all of whom have recently been seen in Lebanon — did indeed carry out the bombing campaign.

A common but unproved theory here now is that the group has been forced to withdraw from France at least long enough to draft plans for another series of attacks.

Meanwhile, Paris was presenting a mixed picture of anxiety and life as usual.

On Wednesday, Mr. Mitterrand cited the need to avoid political squabbling in announcing that he would postpone a decision over a redistricting plan drawn up by members of the conservative government. The plan is designed to return France to a majority system of voting from the proportional system established by the Socialists last year. The plan has been widely criticized as giving unfair advantages to the conservatives.

It, as many expect, the president refuses to sign the plan, a major political confrontation with the governing conservative majority could be the result.

Meanwhile, representatives of the Paris fashion industry tended to minimize reports that buyers coming to a clothing-design fair next month were planning to stay away from public exhibitions and were demanding private meetings with design houses instead.

The major apparel fair, held each October, consists partly of fashion shows held in large tents in a Paris park.

Ferre Bergé, president of the Yves Saint-Laurent fashion house, said that there had been no requests received from American buyers for private appointments.

However, one major American firm, I. Magnin, was reported to be unwilling to come to Paris unless arrangements could be made for private shows. And a major Canadian firm, Hudson Bay, has effectively canceled its participation.

Organizers of the fair said that they expected the shows to go on as usual.



Vernon A. Walters, the chief U.S. delegate, signaling the U.S. abstention.

LEBANON: Israel Rejects UN Demand to Leave South

(Continued from Page 1)

Beirut offices of the newspaper An-Nahar.

Polaroid photographs of the victims were included with the statement.

The Frenchman was identified as Marcel Coudry and the American as Joseph J. Cicippio.

Mr. Cicippio, 57, a financial official of the American University Hospital in Beirut, was seized by four gunmen Sept. 17 on campus as he walked from his residence to work.

A few days earlier, another American, Frank Reed, was kidnapped by unidentified gunmen as he was driving to a golf club in the predominantly Shiite southern suburbs.

A faction calling itself the Arab Revolutionary Cells — Omar al-Moukhtar Forces had claimed responsibility for the abduction of the two Americans.

Mr. Reed and Mr. Cicippio are converts to Islam and have Moslem wives. Mrs. Cicippio said that the photograph published in An-Nahar was that of her husband.

Mr. Coudry, according to the statement Wednesday, was kidnapped in Christian East Beirut, but the statement did not give the date of his capture.

It was his first report that Mr. Coudry had been kidnapped. A French Embassy spokesman said diplomats were trying to discover the circumstances of his seizure.

The Christian Lebanese Forces militia, which controls the streets in East Beirut, issued a statement denying that any Frenchman had been abducted in the area under its control.

Last week, gunmen assassinated the French military attaché, Colonel Christian Gouette, outside the French Embassy in a Christian suburb.

The French consulate in East Beirut said that it had found no record in its files on a Frenchman named Coudry.

Four other Frenchmen are missing in Lebanon.

Islamic Jihad says it is holding three of them. No group has claimed responsibility for abducting the fourth.

Islamic Jihad also says it is holding three other Americans.

The Revolutionary Justice Organization alleged that Mr. Cicippio and Mr. Coudry were spies. It asserted that the American had worked for the U.S. "secrecy service" and that the Frenchman was an agent for the French counterterrorism service. It said they had been referred to a revolutionary court for trial.

The group said in March that it kidnapped four French nationals, members of a television team, in West Beirut. Two of the captives were released in June, and the captors said in a statement that they had freed them in response to what it called promises by the French government to change its policy in the Middle East.

The statement Wednesday accused France of reneging on its promises but did not say what the promises were.

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Islamic Jihad also says it is holding three other Americans.

Israel Warns Of Pressure In Lebanon

By Thomas L. Friedman
New York Times Service

JERUSALEM — Israeli military analysts said Tuesday that pressure was building on the army to attack an Iranian-backed Shiite militia that has been involved in an increasing number of attacks on Israeli, UN and Christian militia forces in southern Lebanon.

Military sources confirmed that some "tactical" maneuvers took place Monday, with several hundred Israeli soldiers reinforcing the predominantly Christian militia known as the South Lebanon Army. The militia controls the 3- to 12-mile (5- to 19-kilometer) strip of Lebanese territory that Israel considers a "security zone" along the border.

"We have given the SLA a boost," said Defense Minister Yitzhak Rabin, who toured militia positions to underscore the point.

Reports from the southern Lebanese port of Tyre said that Shiite militias in the area had gone on alert, fearing an attack. Israeli sources hinted that an operation might have been planned for Monday but was called off so as not to embarrass Prime Minister Shimon Peres at his meeting at the United Nations with the Soviet foreign minister, Eduard A. Shevardnadze.

Israeli military sources said Tuesday morning that the Shiite militiamen, members of a Moslem faction called the Party of God, or Hezbollah, had apparently pulled back from several villages just north of the zone. The villages had been used as a staging area for attacks farther south.

But the situation, Israeli military analysts emphasized, remained inherently explosive.

In the last two weeks the area's status quo has been severely threatened by a dramatic increase in attacks by the Party of God against Israeli troops, against the 2,500-member South Lebanon Army and against the UN peacekeeping force, which, the Shiite militiamen claim, stands in the way of attacks on Israel and its Lebanese allies.

Twelve Christian militiamen and four French soldiers in the UN forces have been killed in the two-week period.

WATSON: Brothers' Ordeal

(Continued from Page 1)

Nocanda to seek the house with gasoline and set it ablaze so they could collect on a \$200,000 insurance policy.

According to the family's lawyer, Leon Schubart, the two guards made statements in which they said they were attacked and knocked unconscious by four men wearing masks as they arrived at the house.

When they regained consciousness, having suffered third-degree burns over 40 percent of their bodies, Mr. Schubart said, the two guards staggered away from the burning house and were picked up by a white motorist, who took them to a hospital.

But, Mr. Schubart said, the hospital refused to admit them because it is for whites only. After being given emergency treatment, Mikele and Nocanda were put in an ambulance to be transferred to a hospital for blacks.

Later, the police detained them and they are still being held in solitary confinement without access to family or lawyers.

Mikele's wife, Marilyn, has received notes from him scribbled on toilet paper and smuggled out of his detention cell. In these, Mikele said he was tortured and forced to make a false statement blaming the Watsons for the fire.

Mikele wrote that his interrogators pulled a bag over his head, bound his hands and feet together and set a loud siren screaming near his ears. They kicked him, punched him and beat him with batons, he wrote, then poured water over the bag.

"I've got a problem with my breathing since I was caught in the fire," Mikele continued in the scribbled note. One of the interrogators "held the bag behind my neck so tight that I was suffocated nearly to death. Others were kicking and hitting me."

Marilyn Mikele applied to the provincial Supreme Court three weeks ago for an order barring the police from assaulting her husband. The smuggled notes were produced in court. The judge referred the matter to the attorney general for investigation.

DANILOFF: U.S., Soviet at Odds

(Continued from Page 1)

be allowed to return to the United States while Mr. Zakharov is tried and, if convicted, be sent back to Moscow in exchange for several Soviet dissidents.

Mr. Daniloff and Mr. Zakharov were released from jail Sept. 13 into the custody of their respective ambassadors pending trials.

Mr. Shultz and Mr. Shevardnadze were to make preparations for a summit meeting between President Ronald Reagan and Mikhail S. Gorbachev, the Soviet leader, but Mr. Shultz has raised doubts that a substantive meeting can be held unless Mr. Daniloff is freed.

In Brooklyn, New York, a U.S. District Court postponed hearing on Mr. Zakharov until Oct. 3.

Soviet Quiet on Details

A Soviet official said Wednesday that the Daniloff case "has been blown out of all proportion" in the United States, and he declined to say what Soviet proposals had been made to free the American journalist. The Associated Press reported from Moscow.

"We prefer to discuss these issues calmly with the American side, without the interference of undue publicity, in a diplomatic manner," said Yuri Vorontsov, the first deputy foreign minister. "We are against bringing these issues to the front pages of newspapers and attaching undue attention to them in statements of the leaders."



Nicholas Daniloff

British Liberal Party Decides To Reject Nuclear Deterrent

REUTERS

EASTBOURNE, England — The centrist Liberal Party has decided against retaining a British independent nuclear deterrent in a narrow vote that could wreck the electoral prospects of its alliance with the Social Democrats.

After an emotional debate at the annual Liberal conference in this southern coastal resort, delegates decided Tuesday by 27 votes, 652 to 625, that alliance leaders were going too far in talking about developing new European nuclear weapons to replace Britain's aging Polaris nuclear missile.

The delegates acted against the advice of the Liberal leader, David Steel, who urged them to support a compromise worked out with the Social Democrat Party that would have retained Polaris while working toward a European deterrent in cooperation with France.

Weinberger Angers Labor

Labor Party leaders have accused the U.S. defense secretary, Caspar W. Weinberger, of interfering in British politics Wednesday by asserting in an interview with the BBC that Labor's anti-nuclear policy could wreck NATO, United Press International reported from London.

The party's military spokesman, Dennis Davies, called it "a crude attempt to swing" British public opinion against Labor and in favor of the Conservative Party.

OECD: Report Says Employment Has Grown Modestly Since Mid-1985

(Continued from Page 1)

ground economy include loss of tax revenues, abuse of welfare benefits and unfair competition. "The issue is one of keeping its incidence down to acceptable levels," the report said.

But its estimate of the size of the underground economy — from 2 to 4 percent of total output — was challenged as being far too conservative by officials at the International Labor Organization in Geneva and the OECD Trade Union Advisory Committee, which represents 40 trade union federations.

Although OECD concedes that concealed employment has probably been growing in such sectors as private services, including accounting and legal work, the agency said concealed employment has been "losing ground" in the manufacturing sector.

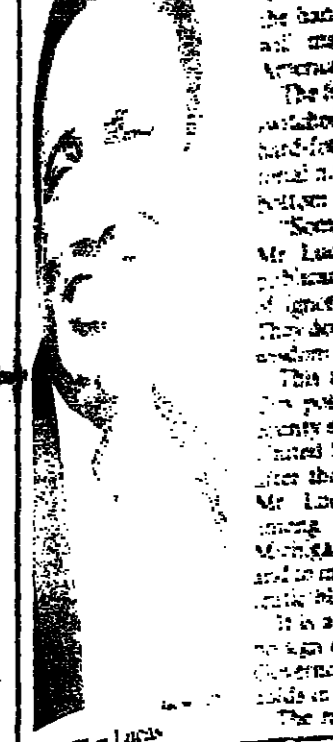
Increases in OECD unemployment during the past decade has "almost certainly not" been accompanied by parallel growth in concealed employment, the organization said. "The numbers are really smaller than most published reports suggest and there is no evidence of growth," said Derek Blades, a staff OECD economist who has written extensively on the subject.

Raffaele de Grazia, an economist with the International Labor Organization, disagreed sharply, reflecting the views of many government experts and academics who believe the concealed economy is flourishing and growing. "The 4-percent maximum estimate is based on official government numbers and is below the reality," he said by telephone in Geneva.

"Most experts believe it is more like 5 percent to 10 percent of GNP in industrialized countries," Stephen McClelland, an official with the Trade Union Advisory Committee in Paris, said concealed employment not only was growing, but was also "moving upstream" from such jobs as painting and repairing houses to professional consulting.

"Not only is the black economy getting bigger," he said, using yet another term for underground economy, "but it is no longer the poor and unemployed involved, but the rich and those who hold other jobs."

Candidate Air



U.S. Now Believed Headed Spy Ring

WASHINGTON — A top U.S. intelligence official said Wednesday that the U.S. government now believes it is headed by a spy ring.

The official, who spoke on condition of anonymity, said the ring was believed to be headed by a high-ranking U.S. official and was believed to have been active for several years.

The official said the ring was believed to have been involved in a variety of activities, including the theft of classified information and the recruitment of spies.

The official said the ring was believed to have been active in a variety of areas, including the defense industry and the intelligence community.

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U.S. Army Is Accused

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Air C

CHICAGO — The Aviation Authority is set to be established in the city, according to a report from the city's aviation department.

The authority is expected to be established in the next few months and will be responsible for overseeing the city's aviation program.

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REAGAN: Veto of Military Spending Bill Threatened

(Continued from Page 1)

the Senate that satisfies the White House might be difficult.

While the Senate version of the bill on military programs and the separate military appropriations bill do not go so far as the House plan, they do make a significant cut in the president's request for research on the Strategic Defense Initiative system to defend against attacking missiles.

Last week, the Senate Appropriations Committee voted to cut the president's \$4.8-billion request for the Pentagon share of the anti-missile plan to \$3.4 billion. The House approved \$2.85 billion.

Working out an agreement with the Senate that satisfies the White House might be difficult.

But last year, the Senate agreed to the House bill in conference. The Senate also included nonbinding language urging compliance with the 1979 arms treaty and the immediate resumption of talks with the Soviet Union on a comprehensive nuclear test ban treaty.

The Senate is to consider its version of the appropriations bill later this week or next week, once Senate and House conferees reach agreement on the Pentagon programs bill.

Candidate Aims to Make Michigan and U.S. History



William Lucas

By David S. Broder
Washington Post Service

DETROIT — "Together," the ads say, as rows of cheering white faces smile approval at the handsome black man on the podium, "we will make Michigan history. We will make American history."

The first ads for William Lucas, who last year switched parties and who last month won a hard-fought battle for the Republican gubernatorial nomination, reach right to the emotional bottom line of this year's Michigan contest.

"Some will say I cannot be elected governor," Mr. Lucas intones, in an excerpt from his Republican convention address, "that the barriers of ignorance and bigotry are still too strong. They do not know the people of Michigan, their wisdom and their fairness."

This appeal to make the former New York City policeman, FBI agent, sheriff and elected county executive the first black governor in the United States since the Reconstruction period after the Civil War is designed, strategists for Mr. Lucas say, both to solidify his support among traditional Republicans in outstate Michigan — to whom he is largely a stranger — and to increase his share of the normally Democratic black vote here in Detroit.

It is a plausible strategy, but so far it shows no sign of denting the almost 2-to-1 advantage Governor James J. Blanchard, a Democrat, holds in his battle for re-election. The reason may be that it does not answer

the concerns of voters such as Brian Fitzpatrick, 26, a claims examiner, and his wife, Julie Gerardot.

In their modest home in a ticket-splitting precinct in suburban Royal Oak, they explained that they voted for Ronald Reagan in 1984 but plan to back Governor Blanchard in November.

"Blanchard has done a good job," Mrs. Gerardot said. Her husband agreed: "I can't see any reason to change."

Mr. Blanchard's confident managers think that most Michigan voters are, like Mrs. Gerardot and Mr. Fitzpatrick, less interested in "making history" this year than in making a living.

With unemployment half what it was at the start of Mr. Blanchard's term four years ago and many business leaders agreeing with his boast that this is "the turnaround state," polls show him rising comfortably 20 to 30 percentage points ahead of his challenger.

Mr. Blanchard, 44, noted in an interview that "Michigan elections tend to be close," but he added, "I went into this race with the broadest base of support of any Democrat in modern times. My goal is to carry every county if possible, and certainly every region of the state."

That would have seemed absurd in 1983, when Democrats lost control of the state Senate in recall elections spawned by Mr. Blanchard's whopping tax increase intended to reduce a

\$1.7-billion recession-induced deficit. But as the national economy and auto industry rebounded, he was able to restore funds cut from schools and social programs while reducing tax rates — a hard-to-beat combination.

He has won endorsements from the normally Republican Michigan Farm Bureau and the Retail Federation, and polls show him with a 55-percent approval rating among Republicans and one-third of their votes.

While Mr. Lucas's primary victory captured national headlines, Mr. Blanchard won notice at home by announcing the backing of 250 chief executives, ranging from Ford and Chrysler to small firms in such normally conservative communities as Holland and Frankfort.

Mr. Lucas, 58, is a great success story. He was orphaned at 14 in Harlem, studied law at night while on the police force and has seen three of his children become doctors, one a medical student and one a police officer.

His basic argument is that Mr. Blanchard's "turnaround" is tenuous, that Michigan is unattractive to business and that long-term economic growth requires a "supply-side" program of income- and property-tax reduction.

But polls show him winning only about 20 percent of black votes, mainly from younger professionals. And Republicans are defecting in record numbers, some because they oppose Mr. Lucas's strict anti-abortion stance and tacit alliance with Christian-right backers of the TV evangelist, Marion G. Robertson.

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U.S. Now Believes Arthur Walker Headed Spy Ring, While Still in Navy

By Philip Shenon
New York Times Service

WASHINGTON — The Justice Department has scheduled a new interrogation of Arthur J. Walker, convicted of spying for the Soviet Union, and expects now to believe that he, and not his brother, John, may have created the Walker family spy ring, according to Reagan administration officials.

The development follows reports by Justice Department officials that John A. Walker Jr. fled during recent polygraph, or lie-detector, examinations about the extent of the spy ring and its origins.

Officials said that information from Arthur Walker would be compared with statements from his brother, a former navy warrant officer who has described himself as the leader of the spy ring.

Officials said the new interrogation of Arthur Walker would center on allegations that he began his espionage activities while in the navy rather than afterward. Before retiring as a lieutenant commander, he had access to secret documents about the U.S. submarine force and once taught submarine warfare tactics.

Administration officials said the decision to interview Arthur Walker again was important, noting that they were moving quickly to try to verify or disprove John Walker's account that he started the spy ring and that it consisted of himself, his brother, his son, Michael, and a



Arthur J. Walker

friend, Jerry A. Whitworth, all of whom served in the navy.

The spy ring, which provided the Soviet Union with top-secret information about naval communications, has been described by the government as one of the most damaging in American history.

A U.S. district judge in Baltimore, where the case against Mr. Walker has been prosecuted, recently agreed to delay the sentencing of John Walker until Oct. 3.

The U.S. attorney for Baltimore, Breckinridge L. Wilcox, confirmed

that prosecutors might soon ask the judge for another delay in sentencing John Walker and his son. Both had pleaded guilty to espionage. Arthur Walker has been sentenced to a life term in prison, and Mr. Whitworth, a retired communications specialist, has been sentenced to 365 years in prison.

"If the request is made, it will be made this week," Mr. Wilcox said. "Further time may be needed to assess all of the respects of the Walker operations."

Arthur Walker, who was convicted last year of stealing classified documents from a military contractor for whom he worked after his retirement, has denied any previous espionage.

But officials said that polygraph examinations have determined that he, as well as his brother, was deceptive when questioned about when the spying began.

John Walker's former wife, Barbara, has said that Arthur Walker told her in the late 1960s that he had spied while in the navy.

Another source knowledgeable about the case said he believed investigators also would press Arthur Walker to reveal if there still are members of the spy ring who have not been identified or charged.

Fred Warren Bennett, John Walker's chief defense lawyer, said he understood that Arthur Walker would be questioned about "his role, if any, prior to 1980" in the espionage operation.

When David goes against Goliath was most of it said Representative William Archer, a Republican of Iowa, of the leaders of the effort at the bill. A day before he failed House vote, the passage of the reform made a final sure its passage.

"We can't afford to have placement," President Reagan told business supporters on Tuesday.

U.S. Army Is Accused of Losing Virus

By Philip J. Hilts
Washington Post Service

WASHINGTON — A former researcher for the U.S. Army has charged that a large amount of a disease-causing virus was discovered to be missing from a biological-warfare program at Fort Detrick, Maryland.

In an amendment Tuesday to a suit in U.S. District Court, Neil Levitt, a former laboratory director at the Army Medical Research Institute on Infectious Diseases, said he discovered that more than a quart (about one liter) of the virus was missing in 1981 while he was using it to make a vaccine.

The virus causes a disease called chikungunya, an illness common in Africa and Asia, that produces quick, severe symptoms like those from an extreme flu.

Mr. Levitt said security is so lax at Fort Detrick, where numerous deadly organisms are stored in quantity, that large amounts of hazardous material could be carried out of the laboratories in a pocket or a briefcase by any employee cleared to work there.

Army officials denied Mr. Levitt's charges. Two officers who oversee the laboratories, Colonel Harold Lupton and Colonel C.J. Peters, said in interviews Monday that no virus was missing. A techni-

cian had disposed of the virus because it was "contaminated" and not useful for research, they said.

The colonels added that while no formal investigation was made, the matter was looked into at the time. They said that no inventory of hazardous material is kept and no routine searches are done, but that few employees are able to access to the laboratories.

Mr. Levitt's charges came in an amendment to a suit filed Sept. 2 by the environmental activist, Jeremy Rifkin, and his Foundation on Economic Trends. The suit seeks to force the Department of Defense to

halt biological-warfare research until the environmental impact of the program can be assessed.

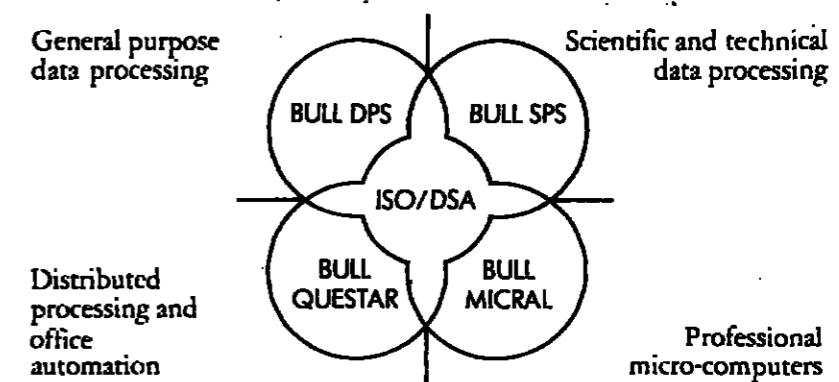
At Mr. Levitt's request, Senator Charles McC. Mathias, Republican of Maryland, asked the army last winter to investigate the missing virus. A reply May 13 from the Office of the Inspector General said its inquiry "substantiated Dr. Levitt's allegation that no investigation was conducted into the disappearance of the virus; however, management did consider the matter and determined an investigation was inappropriate since the virus was not biologically hazardous."

Spain to Discuss...
MADRID — The Spanish government will hold talks Oct. 15 to 17 with U.S. military representatives to discuss the U.S. military presence in Spain.

Bill Threatened...
The House has approved a bill that would require the U.S. to provide more information to the public about the activities of the Central Intelligence Agency.



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DOONESBURY

In Bolivia, a Sad Side-Effect of Cocaine Crackdown

By Shirley Christian
New York Times Service

VILLA TUNARI, Bolivia — Now there would be no money for food, the woman said, and none to give her children each morning when school resumed the following week.

Standing in a crude bamboo shelter in the midst of a coca field, the 30-year-old mother of four said the collapse of the market in Bolivia for coca leaves, the raw material of cocaine, had destroyed her family's finances. Some of the neighbors were thinking of selling their land, she said, but there were no buyers.

The woman's story seemed to reflect the impact throughout the Chaparé, Bolivia's primary coca growing region, of the joint operations by American and Bolivian forces to destroy the laboratories that turn the farmers' leaves into cocaine.

With the price of coca leaves forced to rock bottom by the raids and little call for the services of those who pick the leaves and stamp them into paste, which is the first step in processing, many thousands of transient growers and workers have fled the Chaparé, presumably for their home areas elsewhere in Bolivia.

A recent trip through the Chaparé found few signs of the cars and trucks that those familiar with the area said had clogged its primitive roads until recently.

Cautious and empty. Roadside food stalls that had once served as neighborhood gathering places had little business. Many were abandoned, just sheets of brightly colored plastic stretched over bamboo frames.

But Americans and Bolivians engaged in anti-drug programs said they thought that, at this point, most of those involved in coca production simply expected to wait until

pressure on the laboratories had ended to resume their activities.

"The only thing that stops them is the fear that there could be an American soldier or a member of the drug police behind almost any tree," said a Bolivian with long involvement in efforts to halt cocaine production. Like the coca grower and others interviewed, he asked that his name not be published.

The Chaparé, a tropical rain forest that covers six million acres (2.4 million hectares)

since it was responsible for destroying the market.

The woman at Villa Tunari, who with her husband farms slightly more than an acre along the Chaparé's main road, said that in general there was no market for coca leaves now but that she had managed to sell three cargas — a carga has 100 pounds (45.3 kilograms) — the day before for slightly more than \$20 each. That price is thought to be less than a third of production costs.

Almost every time that the one Bolivian helicopter assigned to the anti-drug effort in the Chaparé takes off in search of stamping pits, an American or Bolivian working for the U.S. government goes along to help spot targets for ground troops to raid.

Personnel from both the Drug Enforcement Administration and the State Department's Narcotics Assistance Unit maintain close contact with the officers in charge and sometimes go out on field patrols.

In practice, much of the leverage wielded by those working for the American anti-drug programs comes from the economic aid they provide. The State Department buys gasoline for the helicopter and uniforms for the troops, and pays bonuses of \$100 a month for the officers and all of the \$50-a-month salary received by the enlisted men.

But that appears small when compared with what the other side offers, according to people in the area, leading to continual doubt and confusion about who is working for what end. An American with one of the anti-drug programs said traffickers were willing to pay any drug police officer \$25,000, to be distributed as he found fit, for providing one-time landing rights for a light plane picking up coca paste or cocaine base.

The determination of those in the business was demonstrated by a helicopter trip over the coca fields. After four days of overcast weather, which had kept the helicopter out of the air, many growers were drying their leaves on immense sheets spread out on the ground.

Along one dirt road, a grower took up half the width of the road itself to dry his leaves. The growers did it despite the fact that, according to drug experts, dried leaves have to be converted into paste within a week, and paste does not last much longer than that before it must be converted into base.

So far, the main public reaction by the highly organized coca farmers has been to demand that the U.S. government buy their leaves, since it was responsible for destroying the market.

and gets 280 inches (640 centimeters) of rain a year, has been feeling the effect of raids not only on the crude paste laboratories here but also on the more sophisticated laboratories that produce finished cocaine in the neighboring Beni region to the north.

Bolivian and U.S. officials say the effect of these operations has been to halt most cocaine exports from Bolivia.

Since mid-July, American troops flying six Black Hawk helicopters have been carrying Bolivian drug policemen on search and destroy missions throughout the highly populated Beni.

In the Chaparé, Bolivian policemen, helped by American drug agents, have stepped up assaults on the stamping pits where coca leaves are turned into paste for shipment to the Beni.

So far, the main public reaction by the highly organized coca farmers has been to demand that the U.S. government buy their

Several years ago, coca leaves went for as much as \$850 for 100 pounds and they were selling for \$100 to \$125 before the raids began.

Although the woman said she did not know where her buyer came from or what he intended to do with the leaves, the black spots on those left lying on the ground indicated that those sold had not been good for chewing or making tea, only for turning into cocaine.

Asked whether she knew what had caused the price of leaves to drop, the woman said people were saying that the Leopards, the drug police force, had become "angry" because there were "too many coca workers," a reference to those working in the stamping pits.

Interviews with others in the region suggested that civilians employed by the U.S., both American and Bolivian, play a major role by pushing the Bolivian policemen into

human-rights groups were run by the rebel Farabundo Martí National Liberation Front.

The captured activist, Luz Janet Alfaro, said she was a guerrilla defector and named dozens of human-rights and refugee workers, lawyers and religious leaders she said were members of leftist guerrilla groups in the front.

She, her sister, Synara, and Dora Angelica Campos, a secretary of Comadres, were released after publicly admitting that they had worked for the guerrillas. The six others remain in prison.

Mr. Duarte said he would investigate Mrs. Tula's charge that she had been beaten, as well as a petition she handed him from 76 women political prisoners protesting prison conditions.

Mr. Duarte said Mrs. Tula had been released under a court order that he sought after receiving appeals from Salvadoran journalists. But he refused to say whether she was considered guilty or innocent of subversive activities.

Activist, Freed by Duarte, Says She Was Tortured

By Marjorie Miller
Los Angeles Times Service

SAN SALVADOR — President José Napoleón Duarte has freed a jailed leader of an anti-government human-rights group, describing the act as a demonstration of El Salvador's move toward democracy.

But the freed woman, after thanking Mr. Duarte on Tuesday, charged that she had been "vilely tortured" by the police.

Maria Teresa Tula Pinto told Mr. Duarte that she had been arrested by "heavily armed men in civilian clothing."

"Since you are giving us a democracy," she added, "I ask for the respect of human rights." She also asked that officials "identify themselves as security forces and not as death squads when they capture a person."

Mr. Duarte replied that Mrs. Tula's charges were further proof that El Salvador was a democracy.

"You see," he said, "this could not have happened in the last 50 years in this country," adding that "only when there are democratically elected governments can these things happen."

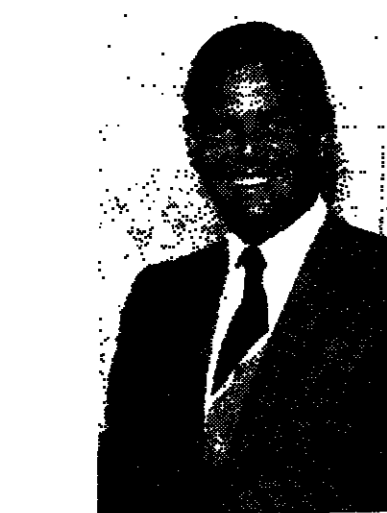
The exchange took place at a press conference at the presidential residence, where Mrs. Tula was taken from the women's prison. She carried her 2-month-old son, who was born in prison.

Mrs. Tula, 35, said later at the office of her organization, the Mothers' Committee for Political Prisoners and the Disappeared, that she had been forced by the military judge who freed her to go to the presidential residence.

Mrs. Tula, a longtime leader of the human rights organization, known by its Spanish acronym Comadres, was detained May 28 in downtown San Salvador.

Eight other human-rights workers were seized in late May, after a captured activist charged that the

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Bomb Hits House Of Soweto Official

JOHANNESBURG — A bomb exploded Wednesday at the home of a white housing official whose real-estate office had made her a controversial figure in the black township of Soweto.

The government Bureau for Information said an adhesive bomb exploded before dawn at the home of Del Kevan, director of housing for Soweto, who lives in Craigville Park, a nearby white suburb of Johannesburg.

The bureau said Mrs. Kevan, dubbed "the Iron Lady of Soweto" by some of her opponents, had not been hurt.

Neighbors said Mrs. Kevan had received anonymous threats of "necklacing," a form of lynching practiced in black townships with a flaming tire hung around the neck of the victim.

They said the threats had come after efforts to quell an anti-government rent boycott in Soweto ended with clashes between residents and security forces on Aug. 26. At least 21 people were killed.

The government department responsible for black townships said Tuesday that the rent boycott, which began two years ago, had spread to 46 townships around the country, costing the government 40 million rand (\$18 million) a year.



The house of Del Kevan, known by opponents as "the Iron Lady of Soweto," after it was damaged on Wednesday.

President Ronald Reagan may propose up to \$500 million in new economic aid to the black nations of southern Africa in an effort to soften the impact of his expected veto this week of the South Africa sanctions bill, administration and congressional sources said Tuesday.

The aid proposal, according to these sources, is one of several actions the president is considering in trying to revamp U.S. diplomacy toward southern Africa. Part of this effort is likely to include the announcement later this week of the appointment of a black U.S. ambassador to South Africa, Edward Perkins, and a trip by Secretary of State George P. Shultz to the region in early October.

The president has until Friday to decide whether to sign or, as is expected, veto the sanctions bill. The White House spokesman, Larry Speakes, said Tuesday that the president intended to veto the bill and then fight congressional attempts to override the veto.

Administration sources said no decision had been made on whether to propose a new aid package to the black southern African nations. One obvious problem, they said, is whether Congress would approve the funds for such a program, given the present budgetary constraints.

The plan has been forwarded to the White House from the office of M. Peter McPherson, administrator of the Agency for International Development, who toured southern Africa in August.

Just how the U.S. aid, if Congress approved it, would be dispersed is unclear. The United States recently ended its aid program to Zimbabwe to protest remarks made by a Zimbabwean minister about U.S. policy. Also, the United States has no diplomatic relations or aid program with Angola. Furthermore, Congress has restricted U.S. aid in Mozambique to the private sector.

Vatican, in Latest Action On Orthodoxy, Rebukes Teacher in Netherlands

VATICAN CITY — The Vatican has issued a public rebuke of the Reverend Edward Schillebeeckx, a Belgian-born professor, the latest in a series of actions against prominent theologians.

A notification issued Tuesday by the Congregation for the Doctrine of the Faith said that some of Father Schillebeeckx's views on the priesthood were "at variance with the teaching" of the Roman Catholic Church.

The notification was issued with the approval of Pope John Paul II. A Vatican official who asked not to be named said the action did not include any punishment. The official said it was intended as a warning to the faithful that the Vatican had found some of the Father Schillebeeckx's writings erroneous.

The notification, signed by Cardinal Joseph Ratzinger, the head of the congregation, was published on the front page of the Vatican daily newspaper L'Osservatore Romano and broadcast by Vatican radio.

Last month, the Vatican prohibited the Reverend Charles E. Curran from teaching theology at Catholic University of America in Washington because of his liberal views on sexual morality.

The Congregation for the Doctrine of the Faith said it had issued the notification following an examination of one of Father Schillebeeckx's books, "A Case for People in the Church. Christian Identity and Offices in the Church."

The Vatican said it took issue with Father Schillebeeckx's views on the priestly ministry, specifically his theory that it was possible for someone not ordained as a priest to consecrate the host and celebrate Mass.

In an earlier work, Father Schillebeeckx had suggested that communities without priests could select one of their number who could consecrate the Holy Eucharist without having been ordained.

Father Schillebeeckx teaches at the Catholic University of Nijmegen in the Netherlands.

Vatican Is Questioned Joseph Berger of The New York Times reported from New York: One of the most influential Roman Catholic bishops in the United States, Archbishop Remy G. Weakland, of Milwaukee, has strongly questioned the Vatican's



Edward Schillebeeckx

efforts to impose a stricter orthodoxy.

Without mentioning names, the archbishop challenged the scope of the Vatican's campaign of orthodoxy in two columns he wrote this month in the archdiocesan newspaper.

It was the first time a leading American bishop had criticized the Vatican actions against Archbishop Raymond G. Hunthausen of Seattle, Father Curran and others.

In the columns in The Catholic Herald of Milwaukee, titled "The Price of Orthodoxy," Archbishop Weakland asserted that in the pursuit of purity of doctrine there was a need "to avoid the fanaticism and small-mindedness that has characterized so many periods of the church in its history — tendencies that lead to much cruelty, suppression of theological creativity and lack of growth."

Archbishop Hunthausen, who had been accused of tolerating liberal practices in the sacrament of marriage, the liturgy and other spheres, was ordered by the Vatican this month to relinquish much of his authority to an auxiliary bishop.

In interviews, at least two other bishops, Leroy T. Matthiesen of Amarillo, Texas, and Thomas J. Gumbleton, an auxiliary bishop in Detroit, have criticized the Vatican actions. But they do not have the stature of Archbishop Weakland, who is the chairman of the American bishops' committee that is drafting a pastoral letter on the economy.

Racial Slur on U.S. Not Meant, Nakasone Explains

TOKYO — Prime Minister Yasuhiro Nakasone defended on Wednesday the disparaging and controversial remarks he made earlier in the week about the United States and its racial composition by saying that he had been quoted out of context.

Wednesday that Japan had received word from the United States that the Reagan administration understood what Mr. Nakasone meant to say.

Political analysts said that Mr. Nakasone had let his true feelings show, but that he was unlikely to suffer domestically for them because they were shared by many Japanese.

Speaking to Japanese reporters on Wednesday, Mr. Nakasone said that he had not meant to slur any racial group.

On Sept. 9, Mr. Nakasone removed Masayuki Fujio as education minister for statements that he made justifying Japan's behavior in World War II and defending its annexation of Korea in 1910.

Saboteurs Cut Tokyo Rail Service

By Susan Chiara
New York Times Staff Writer
TOKYO — Saboteurs cut signal cables and communication lines of the Japan National Railways on Wednesday, disrupting train service during the morning rush hour and inconveniencing an estimated 1 million Tokyo commuters. It was the second such attack in the past year.

Police blamed the action on leftist groups who are opposing the government's plan to break the government-owned national railway into six separate privately owned companies.

Last November, saboteurs knocked out main cables in Tokyo and Osaka, paralyzing service for about six million commuters.

According to police accounts, about 100 people apparently placed small homemade explosives with timers at 24 different sites across Tokyo. The explosives, which went off between 6:50 A.M. and 7:20 A.M., caused fires that severed signal and communication cables and disrupted service on 12 commuter lines. Service was suspended on six of these lines. Full service was restored on most lines by 11 A.M., although one commuter line remained out of service until mid-afternoon.

The attack meant long lines, delays and overcrowding for people trying to return to work after a one-day national holiday. Commuters packed onto buses, taxis and private commuter trains, which remained unaffected.

Police found traces of explosives and time bomb equipment at several of the sites, leading them to suspect a group called the Chūkakuha. This group used similar materials to fire homemade rockets at Japan's state guest house during the summit meeting of industrialized nations in May.

The rockets flew over the site about 15 minutes before President Ronald Reagan was due to participate in an official welcoming ceremony on the state house grounds.

The Chūkakuha, along with other leftist groups here, has opposed the government's plan to privatize the national railways, which has run up huge deficits. The plan would result in the loss of 100,000 jobs, one-third of the national railway's work force. Police said that the attacks might also be the work of railway workers who have split off from the main railway union.

The attack on the rail lines came on the same day the National Railways Workers Union was meeting to debate its position on the government plan. Union leaders, who had earlier pledged to carry out strikes to protest the plan, are reported to be considering a turnaround — dropping their opposition to return for government pledges to help the 100,000 workers find other jobs.



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OPINION

INTERNATIONAL Herald Tribune

Reagan's New SDI Offer

From the day he took office, President Reagan has been barreling down a road of rearmament that could lead to two very different directions. The result could be an open-ended arms race or, because of that threat, an intensive new effort to restrain new military technologies.

negotiable, he was threatening the Russians with a costly new technological competition and making it impossible for them to sign away their right to respond with offensive arms. That stimulated Soviet interest in a new accord, but only one that would govern both offensive and defensive arsenals.

Sudan's Starvation War

A kind of conspiracy of silence too often obscures the misdeeds that Africans commit against each other. It seems easier to pick out the offenses of white South Africa, especially in such forums as the current session of the United Nations General Assembly, which the Third World prefers to regard as a place to get the West's ear.

People's Liberation Army, the rebels' military arm, shot down a government civilian airliner, killing all 60 aboard, to enforce its political demands. Ignoring international appeals, the rebels have kept almost all land relief convoys from reaching the besieged cities to which desperate peasants have fled.

Boost Trade, Not Dollar

Is the dollar still overvalued? Treasury Secretary James Baker thinks so, pointing to the huge U.S. trade deficit. His European and Japanese counterparts think not, citing the dollar's 40 percent drop against the German mark and Japanese yen since February 1985.

now would push it into recession. Mr. Baker says there's a better way: Increase demand for American exports by stimulating the lagging economies of our traditional customers. That's why he has been pressing West Germany and Japan to cut their domestic interest rates.

Pretoria Girds for a Battle Just Beginning

By Kurt M. Campbell

WASHINGTON — The white leaders of Apartheid have given every indication that they are prepared to fight indefinitely for the preservation of minority rule in South Africa. In recent days, there has been a dramatic change in South African rhetoric concerning the purported international fees marshaled against the white-ruled republic.

In addition, the government instituted a number of draconian restrictions for Western correspondents and television networks with the ultimate objective of hiding South Africa's unfolding civil war from the world.

Mr. Botha has also initiated a wide range of measures designed to insulate South Africa from international sanctions, including the creation of a stockpile of strategic materials.

Namibia and is poised to escalate the brushfire war in Angola. To prosecute its policy of regional destabilization, South African defense contractors recently unveiled a new attack helicopter and fighter plane, and national service requirements for white South Africans have been increased.

U.S. Threats Don't Help Expansion

By Nicolas Kroll

GENEVA — Hardly a day goes by without U.S. officials calling on America's trading partners, notably West Germany and Japan, to adopt a program of global disarmament. Varying from appeals to self-interest to thinly veiled threats, such warnings are not only misguided but fallacious and dangerous.

The industrial economies seem incapable of transforming the gains in income and wealth generated by lower commodity prices, lower taxes, abundant liquidity and huge gains in financial assets into lasting economic growth. The fundamental cause lies in the uncertainties created by the United States' readiness to follow being guided but untested theories.

While Mr. Botha continues to try to allay international criticism with the promise of forming a multiracial National Council to "advise" the government on racial matters, the outlines of a desperate strategy to cling to power, no matter the consequences, are beginning to take shape.

South African commando teams and warplanes have raided each of the front line states in the past year. Pretoria has given notice that pressure against all forms of opposition. Army deployments in the townships have increased, and there is growing support among the military for employing, in the words of one commander, "overwhelming force" against the black dissidents.

Pretoria has also moved to further erode the independent power of the judiciary and stifle critics in the press.



Political Players Set Their Own Rules in Pakistan

By Richard M. Weintraub

ISLAMABAD, Pakistan — "This is a country that has democracy," it is the only way it can survive," the Pakistani diplomat said with conviction. It is a proposition the government's most vocal critic, Benazir Bhutto, could endorse, as could Prime Minister Mohammed Khan Junjo, and perhaps even President Mohammed Zia ul-Haq.

long as everyone, or almost everyone, agrees to let it work. The problem is that for most of Pakistan's history the country's political elite has used the rhetoric of democracy, but there has been little agreement on how a democratic system should be established.

That the government may have used a shrewd strategy to kill an ant, and in the process cracked its own carefully nurtured image of progress toward democratic civilian rule, did not seem to matter. General Zia had set the rules by which he wanted the game of democracy played.

that he wanted to get the army out of direct, day-to-day rule but wanted a safe, controlled government. But General Zia remains distrustful of the political parties. So he set out a transition period under which a government would be formed after elections on a nonparty basis.

One answer is that Pakistan is not really a country, but an artificial creation of decolonization, which threw together different ethnic groups and called them a modern state. This argument says that the common denominator of religion — Islam — is not enough to balance the separate demands of Baluchis, Pathans, Sindhis and Punjabis who make up contemporary Pakistan. As proof, there is the example of Bangladesh, the Bengali eastern wing of the original Pakistan that split off to become a separate country in 1971.

Miss Bhutto has a ready response to that. "Zia came to power by depositing a popularly elected government," she said soon after her return from exile in April. "He never had the people's mandate to take power. Now they hold a sham election and claim popular backing," she said.

Her manifesto for domestic action has been equally modest, with limited programs designed to appeal to landless labor or small landholders and to the urban poor and the middle classes. When she pressed her vision of democracy — defined as new elections now — and the Junjo-Zia government took up her challenge by forcing a test of power in the streets, she clearly lost the first round.

Pakistan now is entering a second round of what is likely to be a prolonged struggle to determine whose vision of the path to democracy will prevail, if any.

Human Rights: It's Time for Pressure

By William Korey

NEW YORK — The talks convening this week in Vienna to prepare the agenda for the Helsinki review conference in November are likely to see a basic shift in Kremlin strategy. Soviet delegates can be expected to drop their resistance to talk about their country's compliance with the human rights provisions of the Helsinki accord.

undoubtedly continue the campaign begun this year at Helsinki conferences in Ottawa and Bern, where the Russians rejected all charges about their human rights violations and went on the offensive to allege Western unemployment, homelessness, racism, anti-Semitism and genocide.

For Miss Bhutto and others in the opposition, the counterargument is simple. A new political situation has been created by the re-emergence of political parties, and the country cannot know peace until there is a fair test at the polls.

Neither side is willing, as of now, to accept the other's stance. But that capacity for mutual understanding is the basic premise of a functioning democratic system.

Other Comment

Hopes and Hurdles on Arms

After maneuvering for months behind a smoke screen of acrimony, the United States and the Soviet Union have suddenly burst into the clear, each waving what seem to be sensible proposals for major arms limitations. President Reagan, who once talked of tearing up the only treaty that put a ceiling on intercontinental nuclear missiles, proclaimed at the United Nations hope for broader agreements.

there is the "pall" that Mr. Reagan said has been cast over superpower relations with the arrest of Nicholas Daniloff. Yet with that hurdle came some small hope. Instead of going on, as he once might have, to call Moscow an evil empire, the president concluded simply, "The world expects better." He declined on the Daniloff case, saying, "Everything's too delicate." A Soviet spokesman says there are "several ideas in the air" for removing the pall, all of which may leave Mr. Daniloff with his honor intact. That may seem like a tall order. But then so did movement on arms control just a few months ago.

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20 years. Twenty-five prisoners of conscience who had completed their sentences were still refused exit visas, in contrast to previous practice. They shared the fate of a long list of reformers who are desperate to emigrate to join families abroad, obtain medical treatment or simply see a loved one before dying of cancer or some other virulent ailment. Such urgent appeals, which cry out for "humanitarian" consideration are simply swept aside by the Soviet party bosses.

In July, in another burst of new spirit, the Kremlin opened a department of humanitarian and cultural affairs in the foreign ministry. Soon afterward, it announced the establishment of a human rights commission, to be composed of intellectuals, workers and journalists, to correct Western "distorted opinion" about human rights in the Soviet Union. These new agencies will

the writer is director of international policy research for B'nai B'rith. He contributed this comment to The New York Times.

IN OUR PAGES, 75 AND 50 YEARS AGO

1911: Italy Mobilizes ROME — The provocations of the Turkish press and the threat of boycotting Italian goods throughout the Ottoman Empire have forced Italy to take precautionary measures. The 1888 class of reservists, comprising 90,000 men, has been called to the colors, and three naval divisions are being concentrated at Cagliari. The first of these divisions is intended to cruise off Tripoli, and the other two will have the task of preventing possible attacks by Turkish torpedo boats.

1936: A Shanghai Policy SHANGHAI — Japanese authorities declared a virtual state of martial law here [on Sept. 24] and prepared a stern policy of dealing with the Chinese. Killing of a Japanese sailor by Shanghai gangsters [on Sept. 23] brought an increase in the Japanese landing force to 2,500 men. Members of the foreign volunteer corps again prepared to don steel helmets and guard foreign lives and property within the boundaries of the International Settlement. Japanese marines landed from the flagship Izumo, which joined other Japanese vessels in a position which would make firing on the city an easy matter. "I think we have reached the limit of our patience," Major General Takayoshi Matsumura, commanding Japanese troops in North China, told Peiping interviewers. "We must teach and advise the Chinese, and when they don't listen, we must slap their faces."

Stupidity Dom... LUX ONE THE LOSE... Think not only... Bankmann

كردان الآهل

OPINION

Stupidity Dominates the Daniloff Affair

By Anthony Lewis

BOSTON—When an incident aggravates relations between the United States and the Soviet Union, there is a tendency to see it in conspiratorial terms. The ruthless Russians are plotting again. Intractable anti-Soviet elements are maneuvering the U.S. administration. But conspiracy is not usually responsible for episodes that heighten superpower tensions. Stupidity is.

retaliation for its handling of the Zakharov case. Or perhaps one should wonder whether anyone was in charge at all. There is no sign that in this divided, muddled administration anyone concerned with Soviet-American relations at a high level thought about the consequences before Mr. Zakharov's arrest.



'Frankly, I think he's had a bum rap'

This Novel Idea Could Save \$20 at Your Local Bookstore

By Joe Murray

LUFKIN, Texas—A Houston housewife named Karleen Koen has written a novel called "Through a Glass Darkly," in return for which Random House has written her a check for \$350,000. Naturally, I'm delighted for her. (Sigh, wise, whizbang.)

LETTERS TO THE EDITOR

Israel Does Not Unconditionally Support UNIFIL

Jonathan Power's opinion column, "America Must Help Make UNIFIL Work" (Sept. 17) contains several half-truths that warrant correction. His conclusion that a conflict between the extremist Moslems (apparently referring to the Shiites of Hezbollah) and Israel would make the PLO-Israeli battle of 1982 "look like a Boy Scouts' cook-out" is absurd. The militant Moslems are no match for either the Amal Shiites or even the South Lebanon Army, with its minimal support by Israel.

Who Needs Machine Guns?

In response to "U.S. Lobby Seeks Repeal of Ban on Machine Gun" (Aug. 29): "Squeeze, one, two, three — cease fire!" Cold metal and plastic come alive, spewing a stream of hot steel and orange flame. You smell the grease and powder; taste the dust raised when you fired.

The Courage of Ira Berkow

Regarding the report "The Courage of Jerry Smith and Friends" (Sept. 6): The sports writer Ira Berkow, in his otherwise well-written and well-intentioned article, says that sexual orientation is just "one tiny, tiny segment of the totality of the human being."

Advertisement for Dannemann cigars and cigarillos. Text: 'LUXURY IS THE ONE TEMPTATION THAT NEVER LOSES ITS APPEAL.' Includes an image of a cigar and the Dannemann logo.

Advertisement for Canada's Favorite Lottery, Lotto 6/49. Text: 'WIN \$ MILLIONS! Strike it rich in Canada's Favorite Lottery. You pick your own numbers playing Lotto 6/49.' Includes a table of prize breakdown and a form to order today.

Lyon: A City of Taste

HISTORY

At a Glance

43 B.C.: An Imperial City
First settled by Celt fishermen and boatmen who name the site Lugdunum, Lyon becomes a military colony in 43 B.C. under Lucius Munatius Plancus. The Roman emperor Augustus later makes Lyon the capital of Gaul and under successive reigns, the imperial city, situated at the confluence of the Rhône and Saône rivers, becomes the most cosmopolitan trading center of the Gaul country.

1312: Lyon is Annexed To Kingdom of France

After Charlemagne's reign, the city comes under the domination of archbishops and the church lords of Lyon. Rising mercantile classes and ecclesiastical forces come into conflict. The city, situated in the troubled border zone between the Holy Roman Empire and the emergent kingdom of France, is annexed to France in 1312.

1536: A Center for Silk

In 1536, Lyon becomes a center of silk manufacturing. The activity, encouraged by King François I, enriches the country by reducing purchases of Italian silks. The arts flourish. Lyon is one of the most active printing centers in Europe.

1793: A City Besieged

The Revolution brings turbulence. Domestic markets collapse, foreign ones close and the silk industry slumps. With the Reign of Terror, ruling royalist and moderate factions oppose the Convention. In 1793, the city is besieged by the Montagnards Republican forces.

1863: Crédit Lyonnais

Opens Its Doors
Lyon returns to prosperity during the First Empire through the manufacturing of silk. Crédit Lyonnais is founded in 1863 by the financier Henri Germain. It develops into one of the world's largest banks by the end of the century.

Economic 'Nouvelle Cuisine'



Visions of sweetness at Bernachon, Lyon's premier chocolate maker, on the Cours Franklin Roosevelt.

A Metropolis In the Making

By Bridget Phillips

LYON — Four centuries ago, Lyon was a world capital of commerce as the hub of the silk trade. By the 21st century, city leaders envisage a metropolis of modern technology that will once again make Lyon an international crossroads for Europe and beyond.

There is already an array of high-technology industries in France's second biggest city and Lyon is gradually building an infrastructure to lure more.

Yet only 15 years ago, Lyon seemed ready to subside into a sleepy and closed provincial city, wary of outsiders and slipping further from the economic mainstream with each local industry that closed down or moved away. In the 1950s, for example, the city decided against building an international airport.

Since the mid-1970s, many head offices and mainstays of the Lyonnais economy such as parts of Rhône-Poulenc moved away and the region lost more than a million jobs in heavy industry and farming. Lyon's main claim to international renown was as a city of fine food, described once by a West German president as "a city near Boccuse," referring to the chef, Paul Bocuse.

"Lyon was a city that had faded away," said Jean Carrière, chairman of the Société Lyonnaise de Banque, the main regional bank. "It was a city with a great past awaiting a renaissance. Happily, now it is regaining strength and Lyon is on the verge of a huge expansion, a resurrection."

The rebirth of Lyon has been a combination of brinkmanship and, more recently, some careful planning. The city was "on the point of perishing" until the early 1970s, when local administrations grouped in a joint salvage effort, said Jean Chesnin, director of Aderly, the Association for Development of the Lyon Region. Aderly groups chambers of commerce and industry to promote development.

Lyon is now linked to the major cities of Europe by the high-speed TGV (train à grande vitesse), an expanding network of autoroutes and, since 1974, by an international airport. It has an industrial base and a potential regional market of five million. Those are the kind of requirements executives look for when they are considering a new business location.

A 1984 survey showed that 29 percent of business leaders based in Paris considered Lyon their top choice to relocate in the French provinces. They listed Lyon's geographic location, its large population and international communication as its greatest assets.

The multinational computer firm Hewlett-Packard has already decided to build a manufacturing center in the Lyon area. In a recent report explaining the decision, it said Lyon was at the "epicenter of the European market of tomorrow, has a range of industry in the immediate area, a remarkable research potential" as well as an "attractive

Mastering the Fine Art of Chocolate

By Patricia Wells

LYON — In 1933, following the counsel of his parish priest, Maurice Bernachon apprenticed himself to a master chocolate maker named Debeauger in the Alpine village of Pont de Beauvoisin. He was then 14, and when his mother journeyed with him from their home just a few kilometers away, she could not afford to buy even a

tiny package, a mere sampling, of Debeauger's famed chocolates.

That was not so long ago, but at that time in France chocolate was reserved for the wealthy. Those of modest means might, if they were lucky, become acquainted with a chocolate truffle on a birthday, an anniversary or at Christmas.

Today, of course, anyone with a few spare francs in his pocket can afford a rich sampling of the best and

purest chocolate in the world, created by Maurice Bernachon and his son, Jean-Jacques.

Bernachon chocolates are so rich that they must be savored, morsel by morsel, much like a fine Bordeaux that calls for pensive sipping, not guzzling.

A visit to the pristine, chocolate-colored shop along Lyon's fashionable Cours Franklin Roosevelt is a sensory experience. The chocolates are displayed like

Continued on page 11

Continued on page 10

These companies are quoted on the Secondary Market in Lyon

WITH THE SOCIETE LYONNAISE DE BANQUE AS AN INTERMEDIARY

LYON FRENCH WITH TECH APPEAL.

In the past three years an impressive number of renowned international companies have fallen for Lyon's charms. She's attracted winners: Hewlett Packard decided to come to the Isle d'Abeau business park; advanced research centers like Schering Plough inc.; production plants like Unilever which have chosen La Plaine de l'Ain industrial estate. What's Lyon's appeal? Apart from the fact that Lyon herself is a vibrant, ancient center of culture in a beautiful countryside, she is so convenient: road and air links in all directions and the world's fastest business train first started from Lyon. The past - The future. Lyon, she's got it all.

LYON
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For further information, please send your calling card to ADERLY: Association pour le Développement Economique de la Région Lyonnaise, 20, rue de la Bourse - 69289 LYON CEDEX 2/FRANCE. Tél.: 00-33 78.3810.10 Telex: 310828 Cocomex Lyon.

هكذا من الأجرىل

The Making of a 'Technopolis'

Innovation Yields Profit

By Vivian Lewis

LYON — Straddling the trade route between the Mediterranean and the Low Countries, Lyon from the 16th century became a center for international trade fairs, foreign exchange operations, merchandise and commodity dealings and for financing risk. These traditions live on and, today, Lyon is one of the rare French provincial cities where financial decisions do not have to await approval from Paris.

Lyon financial institutions and investors continue to innovate, as is shown by these recent developments:

- Almost everyone doing business with tourists in the city, from cab drivers and hotels to restaurants and boutiques, will accept payment in travelers checks in the European Community's composite currency, the ECU (European Currency Unit) as well as in francs. The use of the ECU is also widespread in financing Lyon's regional businesses, accounting for 40 percent of foreign-currency loans from the Société Lyonnaise de Banque.
- A new form of pre-venture capital investment funding is being pioneered

by Club Agri, a partnership set up by the Société Lyonnaise de Banque and the merchant banking arm of Banque Nationale de Paris. Lyon-based Rhône-Poulenc Agrochimie and Pernod-Ricard, a liquor company, with two government-funded research institutes as nonfinancial partners. With 20 million francs (\$2.98 million) in seed capital, they seek to invest in research of interest to agricultural and food-processing companies at the initial research stage.

• In France, where only 13 percent of trucks and industrial vehicles are leased, compared with three times as many in the United States, financing to change that situation is coming from a Lyon Bourse capital increase for the oldest independent French vehicle-leaser, Locamion.

• Lyon has its own independent venture-capital fund, called Siparex, which since 1978 has been investing in medium-sized companies in southwestern France. With a 10.1-million-franc capital base, it has invested in 53 companies. Last year, it earned 17.4 million francs in net profits for an international shareholder group.

• A.G.D.E. Electronic S.A., situated outside Lyon at tiny St-Laurent-de-Chamousset, is the best financed French maker of switchmode and micro-processor power supply apparatuses for data-processing and electronics applications. According to its president,

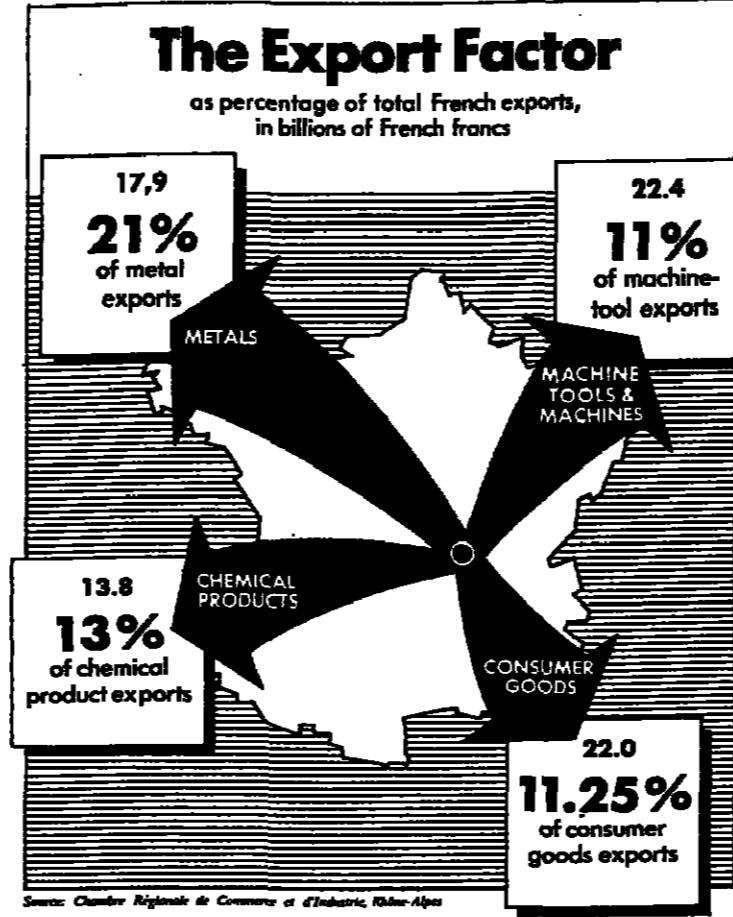
VIVIAN LEWIS, a financial journalist based in Paris, is a regular contributor to The Banker and The International Organizations Monitoring Service.

Serge Barthélémy, "the bulk of the funding came from the provinces," mostly from the A.G.D.E. rural job-creation cooperative, which does subcontracting, but also from Société Lyonnaise de Banque, Siparex and Alpha Ventures of Aix-en-Provence, which groups Dutch, U.S. and French venture funds.

Given the combination of technology, entrepreneurship and the finance it needs, Lyon and its region are privileged by national standards, with higher average wages and much lower unemployment than the country as a whole.

As a rich area, Lyon cannot offer generous government aid and subsidies to foreign investors the way less-privileged regions do. It does have access to job-creation grants, special financing for small companies and research investment incentives, but the amounts involved are minimal. Companies taking on former workers of Saint-Gobain are eligible for loans at 6 percent over 10 years with a five-year grace period. But compared with French towns that have high unemployment, Lyon is a city that foreign investors have to pay to choose.

Despite this, the region has drawn 175 foreign companies employing more than 50 persons each, a third of them from the United States, above all in chemicals and electric and electronic



Source: Chambre Régionale de Commerce et d'Industrie, Rhône-Alpes

equipment. Nearby Switzerland is the second source of foreign investment. The city's banks are flush with cash,

having 7.6 percent of France's deposits and only 3.4 percent of its outstanding loans.

High-Tech Valley Draws Foreigners

By Alan Tillier

DARDILLY — Firms as well as airlines have developed the "hub" concept and none more so than Black & Decker, the U.S. multinational for household appliances and do-it-yourself goods, which has chosen the Lyon region as one of its main European manufacturing and distribution hubs.

The company sells up to 2.5 million products (hand drills, kitchen aids, garden mowers and wood saws) in France yearly and they all pass through Black & Decker's computerized packing and dispatching center at Dardilly on the outskirts of Lyon.

The whole range of cordless equipment, the company's technological pride and joy, developed and manufactured at Dardilly and at nearby Bressins, is outward bound for French cities and also for Britain, West Germany, Italy and Spain.

Efficiency rather than fanfare is the Black & Decker motto. In this respect, the U.S. company sits well with the Lyon business community, which is both dynamic and canny. Many other U.S. companies have taken advantage of the geographical position of Lyon and the seriousness with which business is conducted there.

Lyon is both central France and the beginning of the south, with tiled roofs visible among modern offices. The 28 high-speed TGV trains a day also make it a kind of suburb of Paris, a term not to the liking of the Lyonnais but an economic reality.

There are U.S. manufacturing units in the immediate vicinity of the city and along the local "Silicon Valley" stretching through the new town of Isle d'Abeau to Grenoble. Among the big names are Caterpillar tractors, Carrier (United Technologies) air-conditioning equipment, American Cyanamid pharmaceuticals and, of course, Hewlett Packard, the computer maker.

The Hewlett Packard marketing of-

55 U.S.A.
35 Switzerland
26 West Germany
22 United Kingdom
10 Netherlands
9 Sweden
7 Italy
5 Belgium
3 Canada

Source: Chambre Régionale de Commerce et d'Industrie, Rhône-Alpes

fice in Lyon employs about 300 people. Other American, as well as European and Japanese firms, have set up marketing offices approaching the size of Hewlett Packard.

Robert Maury, international manager at the Lyon Chamber of Commerce, commented: "Lyon's commercial role is growing in importance with the establishment of U.S. companies such as Digital and Wang, the latter with its software transfer office, but also Nixdorf from West Germany, Canon and Hitachi from Japan and others."

"Lyon and region has become a technopolis, not a mere science park, and with the aid of its universities, research centers and engineering schools, it is attracting industries in biotechnology, health, new materials, fine chemicals and agro-chemicals."

ALAN TILLIER, a journalist based in Paris, is a regular contributor to The Sunday Times of London.

Regional Council Plays Quiet but Key Role

CHARBONNIERES-LES-BAINS — Even taxi drivers hailed outside Lyon city hall are not always sure of the way to the regional council, the mini-parliament for the Rhône-Alpes region that is located a few kilometers outside the city at this spa.

Therefore, the Lyonnais can be forgiven for not being aware of the council's decisions, or its growing powers, particularly in education and the training of apprentices for industry.

The council, along with the 21 others

in France, is likely to assume a bigger role in welcoming and helping foreign investors, now that the government has decided to trim the budget of the French Industrial Development Agency.

The council may remain remote, but its president, Charles Beraudier, is a household name in the city where he holds an impressive number of public offices: assistant mayor in charge of financial and budgetary matters for the past 30 years; vice president of the council for the urban conglomeration

around Lyon for 20 years and head of the Rhône-Alpes regional council for five years.

"Things move faster when three decisions are taken by one man," he said. Mr. Beraudier, 66, is a heavyweight in size and political clout. He is the link between the city, run by his friend, Mayor Francisque Colomb, and the eight departments and five million inhabitants of the Rhône-Alpes region — "a territory the size of Switzerland," Mr. Beraudier pointed out. "Or the population of Denmark."

Within the French context, Rhône-Alpes is the second biggest region for research and development after the Ile de France, or Greater Paris.

The regional council has a gleaming glass headquarters at Charbonnières and a budget of around 2 billion francs (\$300 million). About 22 percent goes toward improving school buildings and another 20 percent for job training, an important service in a region where one-third of the population is under 20.

The conservative parties, Rally for

the Republic and Union for French Democracy, and their allies have a majority of one, an even closer margin than their narrow majority in the national government. Mr. Beraudier, a former Resistance leader who helped form the original Gaullist party, the Rally of the French People, is today a supporter of Raymond Barre, the former prime minister and the leading politician from Lyon.

ALAN TILLIER

New Issues Fuel Trading on the Bourse

PARIS — New issues are "in" on the Lyon Bourse and particularly on its fast-growing, over-the-counter market. As a result, smaller firms throughout the southeastern quarter of France are thinking about going public in Lyon.

Even among the conservative silk houses within the city, at least one company president, Robert Provent, of scarf-maker Marc Rozier, is pondering a share issue. "It would have to be a private placement at first because we are still too small to go public," he said.

Although this firm is ranked second or third in France among companies making scarves, its sales are only 28 million francs per year. But sales growth in 1985 was a hefty 27 percent and the firm expects an increase of 15 percent this year.

Average growth for the past decade has been 15 percent to 18 percent, so the company may grow to stock-marketable size in the next few years.

One reason that Marc Rozier may be brought to market relatively soon despite its size is that its banker is Banque Régionale de l'Ain (BRA).

Mr. Provent said: "A small company which has been in the same business for 100 years may seem odd to your readers. A small company which has had a solid relationship with the same bank for over 100 years may seem odder."

In fact, Marc Rozier is one of the tiny number of firms not located in the Ain department that bank with BRA, a part of the Crédit Industriel et Commercial "club" of banks. And it is another member of the club, Société Lyonnaise de Banque, which has taken the lead in launching Lyon's new listings.

Of the 27 new shares listed in Lyon in the first three years of the over-the-counter operation, or second marché (second market), 15 were launched by Société Lyonnaise de Banque. Lyon is the primary listing

site for more small firms than any other market in France except Paris.

Cost has a lot to do with it. According to the Commission des Opérations de la Bourse, the French market watchdog — a sort of Securities and Exchange Commission — "the companies introduced on the Bourse in Lyon had proportionally lower costs than others, with total expenses of 485,000 to 665,000 francs."

Helping Lyon companies grow large enough to go public has been a well-developed venture-capital market, with foreign participation.

But the zeal of Louis Thanberger of Société Lyonnaise de Banque has helped, too. He has been promoting the Lyon stock market with international institutional investors (together with Merrill Lynch) and this summer he organized a seminar with Banque Paribas on the subject for 200 bankers and specialists in Geneva.

Two of the second market's new issues have "graduated" to the equivalent of the

Big Board at the Lyon exchange: Salomon, a ski-boot manufacturer, and Majorotte, a maker of miniature toy cars.

Mr. Thanberger thinks that for small, capital-hungry companies, access to stock markets is the key to growth. "Over 20 percent of the small- and medium-sized firms which are listed in France are quoted in Lyon; as against 2 percent of larger firms," he noted.

The banker would like to arrange a new issue for Marc Rozier, or for one of its larger rivals, such as Bucoil. "I have always dreamed of launching a silk company on the Lyon Bourse," he said, "as a sort of historical return."

Lyon's second market thus far has no silk houses listed, but it includes smaller companies in every business from industrial weighing equipment (Precia) to microcomputer services for the accounting profession (C.E.G.I.D.).

VIVIAN LEWIS

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L'ISLE D'ABEAU
LAND OF THE FUTURE

A Metropolis

Continued from page 9

lifestyle for executives and an exceptional choice of outdoor activities.

The pleasant squares and winding covered streets that used to be the silk weaving quarter still make for much of Lyon's charm. That charm is being enhanced by ambitious renovation projects, including the elegant opera house, and repainting facades in the original rose and sienna tones instead of the grimy gray that became Lyon's image. Lyon also has mountains and seashore just a few hours away and some of France's finest restaurants.

But much of Lyon's attraction is part of a deliberate strategy to move away from dependence on dying industries and attract the high-technology businesses of the future.

As part of an ambitious urban development program, the modern Parc-Dieu business center has been built, along with a new and a huge exhibition complex, called Eurexpo opened. There are close to 100 urban development projects under way, a quarter of them funded at least partly by private interests, according to officials at the regional administration.

One of the most important new projects will be construction of a headquarters for Interpol, the international police organization. Interpol will move from near Paris into a new headquarters in central Lyon in 1989. The city offered the land, on the banks of the Rhône surrounded by a park, and Interpol will invest 100 million francs (\$15 million) to construct a modernistic low glass building with the latest security (such as a moat).

LYON - FRANCE

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Even the heartiest promoters of Lyon admit there are still obstacles to its becoming a genuinely international city. When Interpol was considering its move, the city had to hurriedly generate some plans to open an international school. City officials acknowledge that Lyon still has only limited services for enterprises doing business in other languages.

"Lyon has always had an international calling," said Mayor Francisque Colomb. "We are trying to renew it. Our goal is to make Lyon known to the world and to bring international circles here."

BRIGID PHILLIPS is a Paris-based journalist.

Dance Fest

By David Stevens

It is a time when the city of Lyon is filled with the spirit of dance and music. The festival is a celebration of the city's rich cultural heritage and a chance for everyone to enjoy the best of French music and dance.

STRONG... BEAUTIFUL... A MEETING POINT... LYONS IS WAITING

RENDEZ-VOUS WITH

A Cultural Crossroads

Dance Festival Highlights Rich Artistic Life

By David Stevens

LYON — In recent years this city has become one of the major stops on the international dance circuit, current evidence of which is the second Biennale de la Danse, now at the midpoint of its schedule. But that is only one sign of Lyon's burgeoning musical, theatrical and choreographic life.

This city is also the home of one of France's more intrepid opera and ballet companies, of the country's leading state-subsidized theaters, of a symphony orchestra of growing importance, and of what may be the only theater anywhere devoted entirely to dance. It is the birthplace of Guignol, the puppet known to virtually every French child and the principal character of one of the most enduring examples of puppet theater.

It would be perfectly accurate to say that Lyon's musical-theatrical history dates from Roman times, as was discovered in the 1930s when archaeological digs on the slope of the Fourvière hill above the Saône River uncovered two characteristic Roman theaters.

The large theater, the oldest in France and about the same size as the better known and better preserved ones in Orange and Arles, could hold as many as 10,000 spectators. The smaller one, the odéon, similar in its semicircular layout but seating only 3,000, is nearby. Models of the two theaters as they were in ancient times can be found in the nearby Musée Gallo-Romain, a recently completed museum with a comprehensive presentation of the history of Lugdunum from prehistoric through Roman times.

But it is also true that Lyon's lively and expanding cultural activity is largely a creation of the last couple of decades, partly a function of the city's spectacular development beginning in the middle of this century, partly of the decentralization policies of successive French governments. Some of it also has to do with Lyon's character as a European crossroads city, and as an industrial center its theaters, scattered around the metropolitan area rather than concentrated in one part of town, cater to a variety of audiences.

A useful point at which to date the beginning of Lyon's artistic expansion is 1969, when Louis Erlo — an experienced operatic stage director and a native Lyonnais — was named director of the Opéra de Lyon. At that point it was a sleepy provincial institution performing a couple of times a week for a dwindling audience.

Mr. Erlo put together a solid artistic team and embarked on an ambitious policy that included an adventurous repertory, ample rehearsal time and the scheduling of each work seven or eight times. To get the audience back he went out to factories and schools and sold the Lyonnais on it — no easy task.

Mr. Erlo, who is now also artistic director of the Aix-en-Provence Festival, is still the Opéra's co-director, with Jean-Pierre Boesmann. The current music director is the British conductor John Eliot Gardiner. The company's reputation has begun to spread — the delightful Lyon production of Chabrier's "L'Étoile" went to the Edinburgh Festival and was recorded, and last year's staging of Weber's "Oberon" (in the original English) got wide attention.

This season begins Oct. 19 with another rare troupe, and two years ago Mr. Darost expanded the idea by kicking off the season with an autumn festival, the Biennale de la Danse. (In alternate years, this spot on the calendar is filled by the Berlin Festival.)

This year's Biennale de la Danse is built around the theme of German Expressionist dance and the heritage of Mary Wigman, the German modern dance pioneer and choreographer, with performances in several theaters around the city.

Among the companies already seen in the program are those of Susan Burge, the José Limon Dance Company, the Compagnie Dominique Bagouet, and Karin Waeber. Still to come are the Essen Ballet with a Kurt Jooss program (Sept. 25-26, Théâtre des Célestins), the Cullberg Ballet of Sweden with "Romeo and Juliet" and "The House of Bernarda" (Sept. 27-29, Théâtre du Huitième), the Groupe Emile Dubois with "Mammame" (Sept. 29-30, Auditorium Maurice Ravel), and the Alwin Nikolais Dance Theater (Oct. 1-4, Théâtre du Huitième).

The Nikolais company closes the festival, but the expressionist theme is continued at the Maison de la Danse Oct. 16 to 18 with three performances of a reconstruction of Oskar Schlemmer's "Triadic Ballet," a much written-of,



Compagnie Bagouet, performing in Lyon's dance biennale.

troupe, and two years ago Mr. Darost expanded the idea by kicking off the season with an autumn festival, the Biennale de la Danse. (In alternate years, this spot on the calendar is filled by the Berlin Festival.)

This year's Biennale de la Danse is built around the theme of German Expressionist dance and the heritage of Mary Wigman, the German modern dance pioneer and choreographer, with performances in several theaters around the city.

Among the companies already seen in the program are those of Susan Burge, the José Limon Dance Company, the Compagnie Dominique Bagouet, and Karin Waeber. Still to come are the Essen Ballet with a Kurt Jooss program (Sept. 25-26, Théâtre des Célestins), the Cullberg Ballet of Sweden with "Romeo and Juliet" and "The House of Bernarda" (Sept. 27-29, Théâtre du Huitième), the Groupe Emile Dubois with "Mammame" (Sept. 29-30, Auditorium Maurice Ravel), and the Alwin Nikolais Dance Theater (Oct. 1-4, Théâtre du Huitième).

The Nikolais company closes the festival, but the expressionist theme is continued at the Maison de la Danse Oct. 16 to 18 with three performances of a reconstruction of Oskar Schlemmer's "Triadic Ballet," a much written-of,

rarely seen dance offshoot of the Bauhaus experience.

Concert life in Lyon, and the Rhône-Alps region, is dominated by the Orchestre National de Lyon under its music director, Serge Baudo. Its scope has been greatly expanded in recent seasons by being relieved of its duties in the Opéra's pit (the Opéra now has its own orchestra) to concentrate on concert work, and the construction of the Auditorium Maurice Ravel as part of the new urban complex in the Part-Dieu district on the left bank of the Rhône. The Auditorium is principally a concert hall, but it can accommodate open-stage theater productions, as it will next May when the Orchestra National and the Opéra join forces for a series of performances of Wagner's "Lohengrin."

In the realm of spoken theater, Lyon is chiefly distinguished as the home of the Théâtre National Populaire, in the working-class suburb of Villeurbanne. After the Comédie Française, the TNP is the most important French national theater, although it comes from a newer and different tradition.

The actor, stage director and author Roger Planchon took over the municipal Théâtre de la Cité in Villeurbanne in 1957 and pursued a policy whose guiding lights were Bertolt Brecht and Jean Vilar, who founded the TNP in Paris with the goal of bringing good theater to a mainly working-class audience. After Mr. Vilar's departure, French cultural authorities transferred the TNP banner and prestige to Villeurbanne and Mr. Planchon, whose inventive stagings have been among the landmarks of postwar French theater.

At the other pole is the Théâtre des Célestins, near the Saône in the central part of the city. The handsome 19th-century building is the home of an eclectic and traditional repertory. The Théâtre du Huitième (so-called because it is in the city's Eighth Arrondissement) is being taken over this season by Jérôme Savary, whose Grand Magic Circus and other exuberant stagings have made him one of the best known figures in European theater. His production last year of the musical "Cabaret" was a hit here and is making the rounds of other French theaters this season.

But perhaps the most Lyonnais of all the city's theaters is the Nouveau Guignol de Lyon. At the end of the 18th century an unemployed silk worker, Laurent Mourguet, invented the puppet Guignol — along with Guignol's wife Madelon and his crony Gnafron — in a succession of comedies.

There are Guignol theaters all over France and several in Lyon, but this is the mother house and there has always been a Mourguet descendant running this theater, now in the basement of the Palais du Conservatoire, on the right bank of the Saône. The language is rich in Lyonnais argot and the characters are recognizable local archetypes.

Guignol's costume, with his pigtail and tight black hat, is that of a silk worker of the period, while Gnafron's nose is the color of Beaujolais. Performances include matinees of the classic Guignol repertory, mainly for kids, and pieces tending to political satire in the evening.

DAVID STEVENS, an editor at the International Herald Tribune, writes frequently about dance and theater.

CLOSE-UPS



C. Chomond/Collif; Dajon/Sygma

2 Favorite Sons

Paul Bocuse

PAUL Bocuse has been such an avid ambassador for Lyon that many foreigners know the city only as a gourmet paradise and home of the restaurant Paul Bocuse.

Foreign Trade Minister Michel Noir calls Mr. Bocuse "the surrogate trade minister." One Lyon official says his name is the city's most successful export. Mr. Bocuse himself says simply that he was born here, and he wants to do his bit to help improve the image of Lyon, a city that he says is still "not well known."

Mr. Bocuse has built his renowned restaurant into an international cooking industry. He set out at age 16 to apprentice with France's best chefs and returned to eventually take over the family restaurant at Collonges-en-Mont-d'Or, seven miles (12 kilometers) up the Saône River from Lyon. He got official recognition 25 years ago when he was awarded his first star in the Michelin guide rating system. The three-star rating came four years later.

But Mr. Bocuse's reputation was built more on his role in starting a new style of cooking that the restaurant guide Gault et Millau called nouvelle cuisine. Mr. Bocuse once described nouvelle cuisine's use of lighter sauces and underdone vegetables as "like women who don't wear bras and girdles. You know what's underneath. Cooking, too, should no longer be a mystery."

Mr. Bocuse later disavowed the nouvelle cuisine revolution because of the bastardizations it produced. But his own reputation has lived on. He has made regular pilgrimages to the United States to promote his line of wines.

Although Mr. Bocuse leaves much of the cooking to his team of about 20 chefs and aides, he still can be seen at 6 A.M. tearing through Lyon's main market on the quays of the Saône, buying for his restaurant.

Raymond Barre

RAYMOND Barre is a politician as closely associated with Lyon as silk and fine cuisine. Since he was first elected a deputy to the French National Assembly in 1978, Lyon has been his base. Mr. Barre was prime minister in the last five years of Valéry Giscard d'Estaing's presidency, and, if he has his way, he will be president.

Mr. Barre is the only French politician to have announced his candidacy for president in the 1988 election.

In parliamentary elections in March, Mr. Barre made a disappointing showing in the heated contest in his Lyon district. Since the vote, Mr. Barre has followed a policy of strict silence that has cost him popularity nationally, according to recent opinion polls.

His plan is apparently to stay out of the fray as conservative Prime Minister Jacques Chirac conducts his fragile experiment of governing under a Socialist president. Mr. Barre has always maintained that such a relationship could not work, and he seems to be waiting in the wings until he is proved right.

Locally, Mr. Barre is as much an enigma as he has become for the rest of the country. He is not a native son — he was born 62 years ago on the French Indian Ocean island of Réunion. But since he decided to run for office from Lyon, the city has become what the French press calls his fiefdom.

Although they take pride in the reflected glory of such a prominent politician, many Lyonnais believe Mr. Barre uses rather than serves Lyon. He is credited, though, with helping to arrange the transfer of the new Ecole Normale Supérieure from Paris to Lyon and working to stimulate the phenomenal growth of the Lyon Bourse.

Brigid Phillips

Bernachon, Master Chocolate Maker

Continued from page 9

rare jewels, with the care and flair that the French instinctively bestow upon all they value and respect. And the aroma is a heady mingling of bitter chocolate, sweet butter, caramelized sugar, vanilla and roasted nuts.

But what distinguishes Bernachon chocolates from the hundreds of others around the world?

Quite simply, it is Bernachon's dedication to perfection, a dedication that others have lost or perhaps never knew. The Bernachons, who run one of the world's few remaining made-from-scratch chocolate shops, insist upon quality ingredients. They compare the art of chocolate making to wine making.

"But instead of grapes, you've got beans, and everything hinges on the quality of those beans: the soil on which they are grown, their care, their blending," explained Jean-Jacques.

While the majority of chocolate makers are content to buy factory-produced fondant or couverture, the basic "dough" of the chocolate art, the Bernachons continue to oversee the process from start to finish, using the finest and freshest ingredients in their classic truffles filled with crème fraîche and the 40-odd other varieties of handmade Bernachon chocolates, candies, cakes and pastries.

They begin with top-quality beans from Venezuela, Ecuador, Trinidad and Madagascar — cocoa beans that account for a small percentage of the world's production, beans prized for their richness, their distinctive nutty flavor. The Bernachons use slender, pungent vanilla beans from the Indian Ocean island of Réunion, arrange for cocoa butter from the Netherlands, secure pistachios

from Sicily, walnuts from the French Dauphiné region, hazelnuts from the Piedmont in Italy, and both sweet and bitter almonds from Provence and Spain.

The butter is the superior, sweet, French beurre de Charente; the cream is pure Lyonnaise. Before the chocolates reach the newly remodeled Bernachon boutique they will pass through the hands of perhaps a dozen employees.

Everything begins with the beans. By the time they reach Lyon, they have already fermented in the open air in their country of origin to rid them of their natural astringency and bitterness. Just a bit larger than a coffee bean, they are still a pale, light tan, a bit moist and just barely fragrant.

The young Mr. Bernachon slowly empties a burlap sack full of Venezuelan cacao beans into a shiny rod roasting machine.

He roasts the beans, still in their thin shells, for 20 to 30 minutes, checking them every two or three minutes. Roasting time varies from day to day, depending on the temperature of the roaster, the moisture of the beans and the final flavor one is seeking.

The shells are sifted away and discarded, and now it's time to blend. The assertive Venezuelan beans are blended with more delicate, subtler beans from Trinidad and Madagascar, then with sugar, vanilla and a supplementary dose of costly cocoa butter, added to improve the texture and gloss of the final product. Together, the ingredients are passed slowly through a grinder.

The chocolate emerges in paper-thin sheets, crackly and dry. At last, we have a blend that tastes of chocolate. It must now be smoothed out, undergoing a

process known as conchage: For three days, the mixture is warmed to the melting point, then rocked back and forth 10 to 12 hours a day under the constant supervision of the Bernachon staff.

Later, the thick and stony brown liquid is poured into large stainless steel to cool overnight and, finally, work can begin on the variety of chocolate preparations. Cooled chocolate is formed into blocks, to be wrapped, stored

and taken from aging rooms as needed, to prepare the chocolates, the cakes and pastries sold in the retail shop. Bernachon, 42 Cours Franklin Roosevelt, 69006 Lyon, France; telephone 78.24.37.98.

PATRICIA WELLS is the International Herald Tribune's restaurant critic and the author of "The Food Lover's Guide to Paris" (Workman).

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EL PODER DE DECIR SÍ
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信頼に応えるあなたのパートナー
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DIE KRAFT, DIE DYNAMIK SCHAFFT
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NYSE Most Actives table with columns for Vol, High, Low, Last, Chg.

Market Sales table with columns for NYSE 3 am volume, NYSE 3 am volume, Amex 3 am volume, Amex 3 am volume, Prev. OTC 3 am volume.

NYSE Index table with columns for Composite, Industrial, Transport, Finance, High, Low, Close, Today's P.M.

Wednesdays NYSE Closing Via The Associated Press

AMEX Diary table with columns for Class, Prev.

NASDAQ Index table with columns for Composite, Industrial, Finance, Insurance, Bonds, Transport, Prev, Today's Week, Year Ago.

AMEX Most Actives table with columns for Vol, High, Low, Last, Chg.

Dow Jones Bond Averages table with columns for Bond, Industry, Prev, Today's P.M.

NYSE Diary table with columns for Class, Prev.

Odd-Lot Trading in N.Y. table with columns for Buy, Sell, Prev, Today's P.M.

Dow Jones Averages table with columns for One, High, Low, Last, Chg.

Standard & Poor's Index table with columns for High, Low, Close, Today's P.M.

Previous NASDAQ Diary table with columns for Class, Prev.

AMEX Stock Index table with columns for High, Low, Close, Today's P.M.

Tables include the nationwide prices up to the closing on Wall Street and do not reflect late trades elsewhere.

NYSE Up in Moderate Trading

NEW YORK — Prices on the New York Stock Exchange pushed ahead Wednesday, continuing the rally that began on Monday. Trading was moderate. Analysts expect the rise to higher bond prices and bargain-hunting among consumer-product and drug stocks. By 3 P.M., an hour before the close, the Dow Jones average of 30 industrials was up 6.89 points to 1,804.70. It rose 4.36 points on Tuesday. Advancing issues outnumbered declining ones by about 7-5. Volume totaled 117.26 million shares, up from 108.7 million on Tuesday. Prices were higher in moderate trading on the American Stock Exchange. Analysts said traders were encouraged by the market's recovery Monday and Tuesday, during which the Dow Jones industrial average gained 35.16 points, after the record-breaking sell-off earlier this month. Many market forecasters questioned the durability of the rebound. But dealers nevertheless continued bidding for stocks whose prices were beaten down in the general drop two weeks ago. Analysts said equities also drew support from the firmer tone of the credit markets. At 3 P.M., the bellwether 30-year Treasury bond was up almost a point, or nearly \$10 for each \$1,000 face amount.

Hang Seng Tops 2,000

HONG KONG — Hong Kong stock prices rose sharply in hectic trading Wednesday. The market's key barometer, the Hang Seng index, closed above 2,000 for the first time. Brokers said buying by managers of big British and U.S. investment funds lifted the Hang Seng index to 15,770 points, to 2,008.30. The previous high was 1,997.92 on Sept. 11. "Fund managers still see local stocks as relatively cheap and they are getting a bit worried about the outlook for some markets overseas," one broker said. Traders said the Dow's ability to remain above the 1,800-level gave investors a small psychological lift. "Anyone who has three up days in a row, it's obviously a positive," said Gerald Simmons, managing director in listed equity trading at Smith Barney, Harris Upham. But Mr. Simmons said the market is still consolidating after the "considerable damage" it incurred the week before last. "Prices are higher but the market's leadership is suspect," he said. "Until volume picks up, you won't see a significant advance." Many of the day's best gainers were stocks that were heavily sold during the market's recent plunge, Mr. Simmons noted. USX topped the active list, giving up ground. The stock fell 1 1/2 Tuesday on indications that T. Boone Pickens had sold his stake. (UPI, AP)

Large table of stock prices with columns for 12 Month High, Low, Stock, Div, Yld, PE, 52 High, Low, Close, Chg.

Table of stock prices with columns for 12 Month High, Low, Stock, Div, Yld, PE, 52 High, Low, Close, Chg.

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Currency Rates table with columns for Country, Rate, etc.

Interest Rates table with columns for Instrument, Rate, etc.

Interest Rates table with columns for Instrument, Rate, etc.

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Statistics Index table with columns for Market, Index, and Change.

WALL STREET WATCH

Stock Market Plunge Dims Enthusiasm for New Issues

By VARTAN G. VARTAN New York Times Service

NEW YORK — The sharp decline in stock prices over the past few weeks has cast a decided chill over the formerly "hot" new-issue market.

"Many people haven't made money recently in new issues and as a result, this has become a buyer's market," said Richard L. Franzo, head of corporate finance for Alex. Brown & Sons Inc. in Baltimore.

"High-quality deals will get done, but marginal ones are apt to fall by the wayside."

As of last week, the 100 most recent new offerings showed virtually no change from their initial price in stock-market trading.

Earlier this year, for example, shares of financial companies going public typically rose to immediate premiums.

Some summertime offerings still enjoy substantial premiums. Shares in Marble Financial Corp. of Rutland, Vermont, last week were 25 percent above their original price.

But since August, new offerings have been confined mostly to smaller issues, unlike the blockbusters that were brought to market this spring.

THANKS TO this and similarly large offerings, new-issue volume for the year vaulted to \$12.7 billion in the end of August, said Susan Gallant, editor of the IPO Reporter.

Even the Henley Group's record may topple before this year is out. Coca-Cola Co. said recently that it would sell 51 percent of its newly formed bottling company to the public in what would rank as the largest initial public offering.

Indicative of the more cautious environment now prevailing for new issues, Reference Group Holdings Inc. said last week that it would offer 20 million shares to the public, instead of the 24.29 million shares originally planned.

Moreover, the issue was expected to be priced between \$16 and \$19 a share, with Donald Burnham Lambert Inc. heading the deal.

See STOCKS, Page 17

U.S. Firm To Court Bull, NEC

Honeywell Plans Restructuring

By Isidore Barnash New York Times Service

MINNEAPOLIS — Honeywell Inc. said Wednesday that it intended to restructure its information systems business and to negotiate with C. de Machines Bull of France and NEC Corp. of Japan on combining its computer business with those two companies.

Honeywell said it would continue in the computer business as a partner of Bull and NEC and would continue to focus on its core businesses of automation and control for buildings, industry and the aerospace and military industries.

Honeywell offered no details about its plans, but said the restructuring would "create an entity with the size, technological base and international market position to be a more effective competitor in the worldwide computer industry."

Honeywell's Information Systems division, which sells mainframe computers, supercomputers and other products, made up 30 percent of the company's \$6.6 billion in revenue last year and about 35 percent of its operating profit of \$379 million.

The restructuring, Honeywell said, will assure its computer customers of a competitive and compatible product line, greater stability and more services.

Last week, Honeywell said it would eliminate about 4,000 jobs, or 4 percent of its worldwide work force, by the end of the year because of increased competition and a slow economy.

Honeywell owns 9 percent of Bull, which sells Honeywell and Bull systems in 75 countries. NEC supplies processors to Honeywell and distributes its computers in Japan.

Koichi Shimbo, a New York-based spokesman for NEC, said the company had not received any request or proposal from Honeywell. But he said, "When we should receive such a request from Honeywell, we would consider it sincerely in view of whether the new pact would enhance NEC's own operations in the computer business."

Bull could not be reached for comment immediately.

Big Stores Find Small Is Profitable

U.S. Retailers Rebuild Along Specialty Lines

By Isidore Barnash New York Times Service

NEW YORK — "Making a statement" is the latest in retailing, often used to describe a designer's new line.

In the retailing business itself, however, it is the specialty stores — The Limited, Benetton, Banana Republic, Crazy Eddie — that have made the most noticeable statements in recent years, while the giant department stores have generally plodded along.

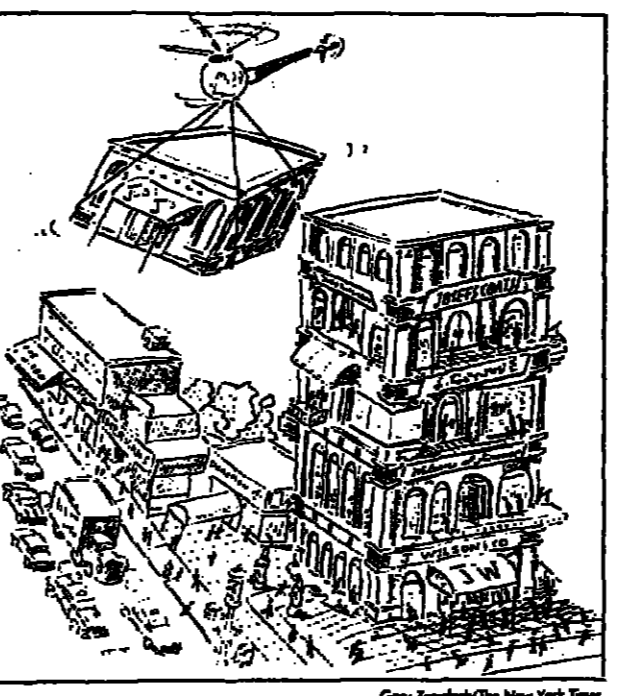
Now the biggest U.S. retailers are trying to change all that. From their multistory headquarters, relics of a more gracious and less hectic era, the department stores are restructuring operations, paring down some product lines, spotlighting others — in other words, entering the leaner, more responsive world of specialty retailing.

A number have even spun off specialty-store chains — many, but not all of them, in the apparel field. Among the companies that are redesigning their businesses are such behemoths as Sears, Roebuck & Co., Montgomery Ward and Woolworth's, as well as many of the more upscale department store chains.

Dayton-Hudson Corp., the Minneapolis-based owner of department, discount and book-store chains, plans to open small stores next year in cities it does not already serve.

Raj Jongs, president of the department store division, said the new stores would be larger than the average specialty store but would resemble it "in their focused content, quick adaptation to trends and increased concentration on service."

Change was all but inevitable, given the department stores' current state of siege. On one flank



Gary Zischel/The New York Times

are the discount stores, which cannot rival the large retailers for service, but can undercut their prices on such commodities as toys, sporting goods and large household appliances.

All these features are attractive to two of the newest breeds of customers: working women, who do not have the leisure to shop that their mothers had, and affluent shoppers, who like a selection of merchandise directed at their income level and the way they live.

"In the segmentation of American society, the specialty-store entrepreneurs and specialty-catalogue people have moved more

are the discount stores, which cannot rival the large retailers for service, but can undercut their prices on such commodities as toys, sporting goods and large household appliances.

Change was all but inevitable, given the department stores' current state of siege. On one flank

Fed Chairman Suggests Dollar Is at Right Level

Compiled by Our Staff From Dispatches

WASHINGTON — The chairman of the U.S. Federal Reserve Board, Paul A. Volcker, said Wednesday that he felt that the dollar had declined enough and that other policy changes were needed to take care of America's trade problems.

"In contrast to the situation 18 months ago, and assuming growing markets are open to us, my sense is that we are, for now, reasonably close to an appropriate adjustment in that area," Mr. Volcker said in prepared testimony to Congress.

The Fed chairman's comments gave the dollar an early shot in the arm Wednesday, pushing it briefly above opening lows on currency markets, but it then settled back in later trading.

The dollar closed in London at 2.0475 Deutsche marks, down from 2.0510 there on Tuesday.

Mr. Volcker's testimony put him in apparent disagreement with Reagan administration views. Just last week, Treasury Secretary James A. Baker 3d threatened to push the value of the dollar lower unless the United States' trading partners did not do more to stimulate their own economies.

Mr. Baker's comments sparked a two-day slide in the dollar on foreign exchange markets.

But Mr. Volcker, testifying before a House Ways and Means trade subcommittee, said he believed the dollar had fallen far enough over the last 18 months and that further declines could threaten to renew U.S. inflation.

The U.S. currency has dropped about 30 percent from its highs against the West German Deutsche mark and the Japanese yen early last year.

"I don't want an overly depressed dollar either," Mr. Volcker

Kaufman Expects Fall in U.S. Rates

United Press International

NEW YORK — Henry Kaufman, chief economist of Salomon Brothers Inc., said Wednesday that the decline in long-term interest rates will continue, including further reductions in the Federal Reserve Board's discount rate.

Mr. Kaufman, who met with reporters before an address to the Conference Board's annual Business Outlook Conference in New York, said he expected one and perhaps two more reductions in the Fed's discount rate by mid-1987.

He was reluctant to brand his economic outlook "optimistic," but said that his forecast did not include a recession or a near-term outbreak of inflation.

"A sectoral analysis of the economy suggests the continuation of subnormal economic growth," Mr. Kaufman said in his prepared text.

Mr. Kaufman said he was not sure any further adjustment in the dollar is necessary. I would put the emphasis on other policies."

He added: "Indeed, without the support of other policies, exchange-rate changes can be counterproductive in important respects — inflationary in the United States, and a restraint on demand and economic activity abroad."

To correct its yawning trade deficits, the Fed chairman said, the United States must begin to depress domestic demand, through possible changes in fiscal policy

See VOLCKER, Page 17

Currency Rates

Table of currency rates for various countries including Australia, Brazil, Canada, etc.

Source: Reuters, London, Sept. 24, 1986. Rates are for 100 U.S. dollars.

Interest Rates

Table of interest rates for various currencies and terms.

Source: Reuters, London, Sept. 24, 1986. Rates are for 100 U.S. dollars.

Key Money Market Rates

Table of key money market rates including 3-month Treasury bill, 6-month Treasury bill, etc.

Source: Reuters, London, Sept. 24, 1986. Rates are for 100 U.S. dollars.

Asian Money Market Rates

Table of Asian money market rates for various Asian currencies.

Source: Reuters, London, Sept. 24, 1986. Rates are for 100 U.S. dollars.

U.S. Money Market Rates

Table of U.S. money market rates including 3-month Treasury bill, 6-month Treasury bill, etc.

Source: Reuters, London, Sept. 24, 1986. Rates are for 100 U.S. dollars.

Gold

Table of gold prices in various currencies.

Source: Reuters, London, Sept. 24, 1986. Rates are for 100 U.S. dollars.

EC Prices Rose In August After Decline in July

The Associated Press

BRUSSELS — Consumer prices in the European Community fell 0.1 percent in July for the first monthly decline on record, then rose 0.1 percent in August, the EC said Wednesday.

"We hope we would complete negotiations with them by Sept. 29 in time for the International Monetary Fund's annual meeting," he said.

Mr. Petricoli said that Kei Tanaka, president of the Export-Import Bank of Japan, had agreed in principle to extend a \$1-billion loan for three projects in Mexico: a \$300-million pipeline linking the Caribbean Sea and the Pacific Ocean, a \$200-million export development project and a \$200-million expansion of the Scaerita iron and steel works.

Prime Minister Yasuhiro Nakasone told Mr. Petricoli Wednesday that the Japanese government would give as much funding as possible to the projects, a government official said.

Earlier this month, the IMF approved a \$1.6-billion bridge, or short-term, loan for Mexico, but the money will not be released until commercial banks reach agreement on their \$6 billion of a \$12-billion loan package for the country.

The rest of the funding will come from international organizations such as the World Bank and the Inter-American Development Bank. Mexico's foreign debt is about \$98 billion.

Mexico Hopes To Sign Loan Accord Soon

Reuters

TOKYO — Mexico hopes to complete negotiations with international banks on a major new loan and repayments on existing foreign debts by Monday, its finance minister, Gustavo Petricoli, said Wednesday.

"We expect 500 commercial banks" worldwide "will soon agree on a \$6-billion package loan," he said in Tokyo, where he is making a six-day official visit.

"We hope we would complete negotiations with them by Sept. 29 in time for the International Monetary Fund's annual meeting," he said.

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Britain Reports Record Trade Deficits for August

Reuters

LONDON — Britain said Wednesday that its August current-account and merchandise trade deficits were the worst for any month on record, and the pound promptly skidded on world currency markets before the Bank of England intervened to support it.

The scale of the deficit announced by the Trade and Industry Department was a surprise and it undermined government forecasts that, for the whole of 1986, the nation would show a current-account surplus of £3.5 billion (\$5 billion).

The government described the figures as "disappointing." The merchandise trade deficit widened to £1.49 billion in August from £588 million in July.

The deficit on the current account, which combines trade in both goods and such nonmerchandise commerce as financial services and shipping, was put at £886 million.

The previous record was set in March, the deficit was £666 million. Government sources attributed the deficit to across-the-board rises in imports and falls in exports.

Some analysts said a consumer boom, fed by high wage increases, had driven up imports.

"The August trade figures are extremely alarming. They show that Britain is heading for a huge deficit for 1986," said John Smith, the trade spokesman for the opposition Labour Party.

Exports fell to £5.4 billion in August from £5.9 billion in July.

Imports rose to £6.9 billion from £6.5 billion.

The Bank of England bought sterling against the dollar and the Deutsche mark after the pound slipped to a quoted low of \$1.4465 when news of the deficit hit financial markets.

The pound closed in London at \$1.4475, down from \$1.4493 on Tuesday. It was trading at around \$1.48 a week ago.

Financial analysts say falling North Sea oil revenues has cast a shadow over British economic prospects. Sterling fell below 3 DM last week for the first time. It closed Wednesday in London at 2.961 DM.

The pound has also been buffeted recently by investor uncertainty ahead of possible general elections next year, with the Labor Party leading in opinion polls.

Prime Minister Margaret Thatcher, a Conservative, must call elections by June 1988 but is widely expected to do so next year.

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BUSINESS ROUNDUP

Deutsche Bank Begins Placement of Fiat Stock

FRANKFURT — Deutsche Bank AG said Wednesday that a consortium of European banks had been placed with 733 million shares of Fiat SPA acquired from Libya on Tuesday.

The consortium, organized by Deutsche Bank Capital Markets and an Italian group, Mediobanca, will market the shares for about \$2.12 billion, Deutsche Bank said.

Grand Met Seeks to Sell Liggett

LONDON — Grand Metropolitan PLC, a hotels, drinks and leisure group, said Wednesday that it is negotiating to sell Liggett Group Inc., its U.S. cigarette business.

The negotiations are unlikely to be completed for several weeks and a further announcement will be made then, the company said.

Pickens Reported to Sell USX Stake

NEW YORK — T. Boone Pickens has sold his holdings in USX Corp. at a slight profit, Wall Street sources said Wednesday.

The sources said the transaction, made Tuesday, would not have to be reported because the holding was well under 5 percent of the company's stock outstanding.

Chrysler To Export To Europe

By John Holusha New York Times Service

IRVING, Texas — Chrysler Motors Corp. is planning to export U.S.-made cars and mini-vans to Europe in 1987 to take advantage of the decline in the dollar's value, according to company officials.

Mr. Lutz, who was chairman of Ford Motor Co. in Europe from 1982 until this year, said a recent tour of Chrysler's distributors in Europe indicated they were most interested in selling the company's successful mini-vans and some new sports models.

Porsche Says Mark's Rise Has Hurt Export Markets

STUTTGART — Porsche AG said Wednesday that business conditions in some of its most important export markets have become more difficult since the start of the new financial year on Aug. 1 because of the rise of the Deutsche mark against other currencies.

However, a Porsche report to shareholders said the company was in a good position to meet the challenges of the current financial year. Porsche sells 78 percent of its sports cars abroad.

Ricoh Names Chairman of U.S. Units

By Arthur Higbee International Herald Tribune

Ricoh Co., the Japanese maker of automated office machines, has named Keiji Endoh chairman of its U.S. subsidiaries, Ricoh Corp. and Ricoh Electronics Inc. A spokesman said it was Ricoh's "intention to manage the entire United States operation through Mr. Endoh."

COMPANY NOTES

Coats Virella PLC, formed through the merger of Vantona Virella PLC and Coats Patens PLC earlier this year, said its pretax profit rose 11 percent in the first half of 1986, to 665 million (\$93.6 million), compared with combined figures for the two companies in the 1985 period.

Che. Internationale des Wagons-Lits & de Tourisme SA said its revenue rose 7 percent in the first half of this year to 52.8 billion Belgian francs (\$1.2 billion) from 49.5 billion francs in the 1985 half.

Hopewell Holdings Ltd. said it plans to raise 6 billion Hong Kong dollars (\$877 million) through a syndicated loan to finance construction of a highway linking the southern part of China's Guangdong province with Hong Kong.

Koninklijke Nedlloyd Groep NV, the Dutch shipping and transport group, said it has started merger talks with Netherland Holding BV, a small airline that began operations in January 1985 and has not yet earned a profit.

Schering AG, the big West German chemicals group, said its Eulamak AG unit had signed an agreement with the China National Medicines & Health Products Import & Export Corp. on long-term cooperation to produce fine chemicals.

SmithKline Beckman Corp., the Philadelphia-based pharmaceuticals company whose brand names include Contac cold capsules and the Tagamet ulcer treatment, said it has applied for listing on the London Stock Exchange. Trading in its shares was expected to begin Thursday.

TSS Group PLC's £1.5-billion (\$2.16-billion) share issue, Britain's largest, was oversubscribed when application lists closed Wednesday morning, according to Lazard Brothers & Co., the merchant banker that is handling the offering.

Trans World Airlines Inc. said it expects a third-quarter pretax operating profit of about \$100 million and pretax net of about \$70 million, and that it expects a "substantial" pretax profit in the fourth quarter as well. It would be only the second fourth-quarter profit in the airline's history, with the other coming in 1966.

Table with columns for various stock indices and market data.

Table with columns for various commodity prices and market data.

Table with columns for various cash prices and market data.

INTERNATIONAL CLASSIFIED

(Continued From Back Page)

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WIEHOLDT TO SEEK PROTECTION

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BUSINESS TELEVISION THE WALL STREET JOURNAL European Edition

NOTICE OF DISSOLUTION TO THE HOLDERS OF SHARES IN CAPITAL PRESERVATION FUND INTERNATIONAL

WIEHOLDT TO SEEK PROTECTION CHICAGO — Wieholdt Stores Inc., which is in debt by as much as \$22 million, said Wednesday that it will file for protection from its creditors under Chapter 11 of the U.S. bankruptcy code.

IN ALL AREAS OF FINANCIAL IMPORTANCE, THERE'S DAIWA. FROM SEPTEMBER 25, WE'RE IN MILAN!

Wednesday's AMEX Closing

Tables include the nationwide prices on the closing on Wall Street and do not reflect late trades elsewhere.

Table A: 12 Month High Low Stock Div. Yld. PE % High Low Open Close. Lists various stocks like ACI, ADI, AMT, etc.

Table B: 12 Month High Low Stock Div. Yld. PE % High Low Open Close. Lists various stocks like BAC, BHP, BIL, etc.

Table C: 12 Month High Low Stock Div. Yld. PE % High Low Open Close. Lists various stocks like C, CCI, CEN, etc.

Table D: 12 Month High Low Stock Div. Yld. PE % High Low Open Close. Lists various stocks like D, DOW, DUK, etc.

Table E: 12 Month High Low Stock Div. Yld. PE % High Low Open Close. Lists various stocks like E, EAT, ECH, etc.

Table F: 12 Month High Low Stock Div. Yld. PE % High Low Open Close. Lists various stocks like F, FAY, FIB, etc.

Table G: 12 Month High Low Stock Div. Yld. PE % High Low Open Close. Lists various stocks like G, GAT, GEL, etc.

Table H: 12 Month High Low Stock Div. Yld. PE % High Low Open Close. Lists various stocks like H, HAN, HAT, etc.

Table I: 12 Month High Low Stock Div. Yld. PE % High Low Open Close. Lists various stocks like I, IAC, IAT, etc.

Table J: 12 Month High Low Stock Div. Yld. PE % High Low Open Close. Lists various stocks like J, JAC, JAT, etc.

Table K: 12 Month High Low Stock Div. Yld. PE % High Low Open Close. Lists various stocks like K, KAC, KAT, etc.

Table L: 12 Month High Low Stock Div. Yld. PE % High Low Open Close. Lists various stocks like L, LAC, LAT, etc.

Table M: 12 Month High Low Stock Div. Yld. PE % High Low Open Close. Lists various stocks like M, MAC, MAT, etc.

Table N: 12 Month High Low Stock Div. Yld. PE % High Low Open Close. Lists various stocks like N, NAC, NAT, etc.

DM - Deutsche Mark; BF - Belgium Franc; FL - Dutch Guilder; LF - Luxembourg Franc; ECU - European Currency Unit; SF - Swiss Franc; G - Great Britain Pound; S - Spanish Peseta; P - Portuguese Escudo; L - Italian Lira; F - French Franc; C - Canadian Dollar; A - Australian Dollar; NZ - New Zealand Dollar; Y - Japanese Yen; H - Hong Kong Dollar; S\$ - Singapore Dollar; M\$ - Malaysian Dollar; P\$ - Philippine Dollar; T\$ - Taiwan Dollar; N\$ - New South Wales Dollar; A\$ - New South Wales Dollar; D\$ - New South Wales Dollar; S\$ - South African Rand; R\$ - Brazilian Real; C\$ - Canadian Dollar; M\$ - Mexican Peso; P\$ - Paraguayan Guarani; U\$ - Uruguayan Peso; V\$ - Vietnamese Dong; W\$ - West German Mark; Z\$ - Zimbabwe Dollar; B\$ - Botswana Pula; D\$ - Lesotho Dikane; E\$ - Eswatini Emla; F\$ - Fijian Dollar; G\$ - Gambian Dalasi; H\$ - Haitian Gourde; I\$ - Israeli Sheqel; J\$ - Jordanian Dinar; K\$ - Kenyan Shilling; L\$ - Liberian Dollar; M\$ - Maldivian Rufiyaa; N\$ - Nepalese Rupee; O\$ - Omani Rial; P\$ - Pakistani Rupee; Q\$ - Qatari Riyal; R\$ - Romanian Leu; S\$ - Saudi Riyal; T\$ - Thai Baht; U\$ - Ugandan Shilling; V\$ - Vietnamese Dong; W\$ - West German Mark; X\$ - Xhosa Shilling; Y\$ - Yugoslav Dinar; Z\$ - Zimbabwe Dollar.

AMERICAN OVERSEAS INVESTMENT FUNDS (Quotations Supplied by Funds Listed) 24 Sept. 1986

INTERNATIONAL FUNDS (Quotations Supplied by Funds Listed) 24 Sept. 1986

Other Funds

Company Results

AMEX Highs-Lows

British, United States, France, Italy, Japan

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AMERICAN OVERSEAS INVESTMENT FUNDS (Quotations Supplied by Funds Listed) 24 Sept. 1986

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CURRENCY MARKETS VOLCKER: Suggest

CURRENCY MARKETS

VOLCKER: Suggests Dollar Has Fallen Far Enough

(Continued from first finance page)

such as reducing the huge budget deficit, while pushing for higher sales of American goods overseas. "What we are going to have to do is consume less and export more," he said. Mr. Volcker said Americans have been living in a "false paradise" in recent years as the country lived beyond its means and depended on large foreign borrowing to support its standard of living. But he said this imbalance would have to end some time as the country faced up to painful adjustments needed to reduce its trade deficit. "We have been lucky to get by for five years, but we aren't going to get by much longer," he said. Mr. Volcker said he was not surprised that the U.S. trade balance had yet to improve, despite the dollar's sharp decline. "We are still experiencing some of the lagged effects of the extraordinary strength of the dollar earlier," he remarked. Mr. Volcker's apparent disagreement with the U.S. Treasury secre-

London Dollar Rates

Table with columns: Currency, Bid, Ask, Bid, Ask. Includes Deutsche mark, French franc, Japanese yen, Swiss franc, British pound.

etary on the value of the dollar comes on the eve of crucial meetings this week between the United States, Japan, West Germany, Britain and France. The finance ministers and central bank leaders of the Group of Five countries are scheduled to meet Friday and Saturday in Washington before the opening session of the World Bank and International Monetary Fund.

Many analysts expect some compromise on the issue of international exchange-rate stability to emerge from the meeting. In foreign exchange trading, meanwhile, the dollar finished slightly lower in Europe as dealers squared their positions to await the

outcome of the Group of Five meeting.

"The theme of G-5 is clearly going to be the United States versus everyone else," said one London-based U.S. bank dealer. "Official statements have already started pouring out, but markets are not likely to take much notice of all this posturing." Dealers agreed that the U.S. currency was likely to trade in a narrow band between 2.075 DM and 2.0550 DM for the remainder of the week. It traded as high as 2.0520 after Mr. Volcker's remarks.

In London, the dollar closed at 154.61 yen, virtually unchanged from Tuesday, at 6,7077 French francs, down slightly from 6,7126, and at 1,6391 Swiss francs, also down only slightly.

In earlier trading, the dollar was fixed at midday in Frankfurt at 2.0461 at the Tuesday fixing, and at 6,6350 French francs in Paris, down from 6,7000. It closed in Zurich at 1,6568 Swiss francs, down from 1,6598 there on Tuesday. (AP, Reuters)

SEC Ponders Ways to Curb Stock Volatility

By Nathaniel C. Nash

New York Times Service

WASHINGTON — The U.S. Securities and Exchange Commission is studying further regulatory responses to the explosion on Wall Street in computerized trading in stocks, stock index options and index futures, according to officials at the commission.

In interviews Tuesday, they said the commission was shaken by the force of the 120-point drop in the Dow Jones industrial average on Sept. 11 and Sept. 12, and was now prepared to seriously consider complaints by investors that such activity was artificially driving down the value of stocks and other securities.

"We are looking at multiple alternatives," the commission's chairman, John S.R. Shad, said in an interview Tuesday.

The measures under consideration include limiting the number of index options that an investor

can hold at any one time, raising margin requirements and limiting short-selling activity. Some of these approaches have been recommended by experts on Wall Street, according to Richard G. Ketchum, director of the SEC's division of market regulation.

The officials stress that no decision has been made to pursue any regulatory restraints on such trading techniques and that discussion of curbs is preliminary. Moreover, regulatory actions would have to go through a long preparation and public comment period, as well as require the approval of at least three of the SEC's five sitting commissioners.

But the officials acknowledge a shift in their thinking.

"Before that Thursday and Friday, I think it's safe to say that we believed any problem with program trading was more likely to be expiration Friday volatility," Mr. Ketchum said, referring to the four Fridays a year when stock op-

tions, stock index options and stock index futures all expire.

"But it was driven home to us that it is not just limited to those days," he said.

The commission has tried to curb the volatility of stock price swings on expiration Fridays. In a regulatory experiment, it asked last Friday that investors submit their close-out orders earlier and that traders on the floor of the New York Stock Exchange make public earlier any excessive closing orders.

While last Friday's trading was quiet, the experiment did not address the broader issue of program trading at other times.

Wall Street seems divided on the issue, but some major players are concerned that the rush to computer trading has got out of hand. "I think it's at the point where some regulatory input is definitely needed," said Michael D. Hirsch, chief investment officer at Republic National Bank of New York. "I don't think the market is going to self-correct on this one."

Comparing Some Fast-Growing Specialty Retailers

Table with columns: Company, Type of Stores, 1985 Sales (\$ millions), % Change, 1986 Sales (\$ millions), % Change, 1986 Return on Equity. Includes Melville Corporation, Toys R Us, Herman's Sporting Goods, Charming Shoppes, Crazy Eddie, Cleare's Stores.

RETAILERS: Big U.S. Stores Turn to Specialization

(Continued from first finance page)

quickly and decisively than the department store owners," said Walter K. Levy, a New York retail marketing consultant. "Consumers are reacting positively to those stores that have filled their particular niche of demand, whether it's product, age or lifestyle."

Specialization does not guarantee success, of course. Woolworth's, after losing \$9 million in 1984 on its J. Brannan off-price apparel chain, closed the stores last year. U.S. Shoe Corp., which operates a number of apparel specialty chains including Casual Corner, Ups 'N Downs, T.H. Mandy and J. Riggings, overextended and had to shut down 67 units as well as its entire Proving Ground men's wear chain.

The arguments in favor of at least some specialization are compelling. Retailing experts note that specialty stores tend to operate more efficiently than department stores, with fewer levels of management; while department stores have large consumer credit departments, for example, specialty stores can offer credit without policing it, because of widespread bank credit cards.

Because specialty stores concentrate on a few merchandise areas that they can move quickly, they have a higher rate of turnover, a critical measure of retailing success. The advent of the suburban mall and the strip center, with their multiple stores, has helped bring in traffic.

By contrast, many of the big stores, burdened with unproductive space, have reduced the size of their urban stores and are beginning to lease space to specialty re-

tailers as a means of slashing overhead and increasing profits.

It is difficult to make strict financial comparisons between department and specialty stores, which tend to be younger and, thus, to show more impressive growth rates. Even so, the numbers are instructive. Over a five-year period through 1985, sales of publicly owned apparel specialty chains rose an average of 21.3 percent annually, compared with publicly owned department stores' 9.1 percent, according to Alex. Brown & Sons, a Baltimore brokerage.

Net income of the specialty stores rose at an average annual rate of 18.4 percent, against 17.3 percent for the bigger stores. From 1984 to 1985, specialty stores' profits were 4 percent of sales, department stores were 3 percent. In the same year, returns on assets and net worth were significantly higher for the specialty businesses.

Over the years — and increasing, by of late — many large retailers have stripped themselves of lower-producing departments or those most prone to price-cutting competition. These include toys (except during the Christmas season), sporting goods, major appliances, pharmaceuticals, tailored men's clothing, hats and food, except for candy and cookies.

But many of the department stores changed too little, or too late. Most of Gimbel's 36 department stores have closed, with the holdouts running go-out-of-business sales before being taken over by other companies and real estate developers. Ohrbach's will be gone by early next year. The John Wanamaker chain, one of America's oldest retailers, has been put up for sale by its owner, Carter Hawley Hale.

And stretching behind them all is a long line of retailing ghosts: Korvettes, Goldblatt's, Two Guys, Best & Co., S. Klein, Franklin Simon, Walter F. Loeb, a retail analyst for Morgan Stanley & Co., predicts that as many as one-third of today's department stores will not see the end of the century. For those bent on survival, specialization has become the key.

J.C. Penney has in effect become an apparel specialty business after dropping its major household durables and automobile service business. Kmart Corp. is concentrating on fewer departments in existing stores and has also acquired or started several specialty chains.

While Sears, the largest U.S. retailer, is known primarily for its 799 general merchandise stores and 2361 catalogue sales offices and agents, it also operates 250 specialty stores, which include separate chains selling business systems, paint and hardware and surplus merchandise. Each of the chains is being increased in number because, said Edward Brennan, the company's chief executive officer, "specialty stores continue to be an attractive opportunity for growth."

Sears deepened its commitment to specializing two years ago when it began its "store of the future," with 285 stores converted from traditional Sears outlets. The stores spotlight certain high-turnover departments, such as apparel, home furnishings, electronics and sporting goods.

"The store of the future" is exceeding the others by 4 percent in sales growth, and gross margins are up 0.4 percent, which we consider quite good," a company spokesman said.

THE EUROMARKETS

New-Issue Activity Surges As Sterling Bonds Plunge

By Christopher Pizzey

Reuters

LONDON — The primary market had a surge in activity Wednesday after a very slow Tuesday. In the secondary sectors, dollar-denominated issues awaited further news on the interest-rate front, and the sterling-straight market plunged.

News of a record £1.49-billion U.K. merchandise-trade deficit in August prompted heavy selling. A trader said that after news of the trade deficit, "There was a small period of stunned disbelief and then the market collapsed." Longer-dated sterling issues ended as much as 2 points lower.

Dollar-denominated debt totaling well over \$1 billion was launched during the day, including the expected \$500-million floating-rate-note issue for Red Nacional de Los Ferrocarriles Espanoles and the \$250-million straight for Belgium. Both issues were regarded by dealers as being tightly priced.

The \$500-million floater for RENFE emerged as a 12-year issue paying the six-month London interbank bid rate with no margin and with a premium price of 100.10. It ended just within the total fees of 15 basis points at 99.98 bid. The lead manager was Salomon Brothers International.

A trader at a firm not involved in the issue said: "Other people may disagree, but as far as we're concerned Spanish debt cannot command this sort of pricing."

Other dealers noted that although Belgium went ahead with its expected \$250-million straight, its anticipated \$150-million floater did not emerge.

Market sources said that Belgium had postponed the floating-rate note issue for the time-being but declined to elaborate.

The straight issue pays 7 1/2 percent over five years and was priced at 100.94. It was lead-managed by Morgan Guaranty Ltd. and ended at a discount of 2.20, compared with the total fees of 1 1/2 percent.

The City of Tokyo launched a \$200-million bond issue paying 8 1/2 percent over 10 years and priced at 101 1/2. It ended inside the total fees of 2 percent at a discount of 2, and was lead-managed by Banque Paribas Capital Markets.

STOCKS: New-Issue Blues

(Continued from first finance page)

underwriters. The expected price range now has been cut to \$12 to \$13 a share.

In general, the new-issue market matches to the tone of trends in the stock prices for companies already in public hands. However, Mr. Pranyo of Alex. Brown said that "the critical element for the reception of new issues is determined by the action of the over-the-counter market that serves as an indicator of new issues."

And this market, as demonstrated by the Nasdaq composite index, has been noticeably weaker in recent months than other broad measures of stock prices. In the week ended Sept. 12, when the Dow Jones industrial average fell 7.42 percent, the Nasdaq composite index fell 8.35 percent.

On Tuesday, this over-the-counter barometer rose 0.82 points, to 353.37. But it remains substantially below its record closing of 411.16 on July 3.

EC and Comecon End 3-Day Geneva Meeting

United Press International

GENEVA — Experts from the European Community and the Soviet-bloc trade organization, Comecon, concluded initial talks Wednesday on a communist proposal to establish official relations. An EC statement said the 3-day meeting had been "good and business-like" but stressed that talks were still exploratory.

"The discussion did not touch upon specific areas of cooperation between the EC and the CMEA," the statement said. Instead, it said, the talks centered on the question of establishing official relations.

Large financial table with multiple columns: 12 Month High/Low, Stock, Div. Yld., Sales in \$ mil., High, Low, 3 P.M. Offer, Net. Includes sections for OTC Prices, A, B, C, D, E, F, G, H, I, J, K, L, M, N, O, P, Q, R, S, T, U, V, W, X, Y, Z.

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TECHNOLOGY IN THE H.T. EVERY FRIDAY. ANALYSIS OF IMPORTANT BREAKTHROUGHS AS THEY AFFECT COMPANIES AND INDIVIDUALS — WORLDWIDE

SPORTS

NCAA Group Will Weigh Major Cutbacks

By Mark Asher
WASHINGTON — A 10-man ad hoc committee that includes the top administrators of some of college sports' major powers is expected to ask the National Collegiate Athletic Association's Presidents Commission next week to propose rules changes that would substantially alter big-time college sports.

At the same time these cost-cutting measures are considered, the ad hoc group will ask the commission "to strongly support in every possible way holding the line" against efforts to water down or eliminate Proposition 48, the NCAA's new standard for first-year eligibility, according to LSU Chancellor James Wharton, a committee member.

"It's the most important of all the items," he said.
The committee was named by the board of directors of the Washington-based American Council on Education. There have been efforts to form a national advisory commission on intercollegiate athletics in the aftermath of the cocaine-induced death of Maryland basketball star Len Bias, but the council board said its constituency already knew the issues well enough to propose reforms.

The ad hoc group, which also included the top administrators of North Carolina, Pitt, Michigan, San Francisco, Wichita State, Kent State, Long Beach State and Florida State, will meet next week in Kansas City with the Division I subcommittee of the Presidents Commission.

China Aiming for Success Beyond Asia

By Larry Siddons
The Associated Press
SEOUL — A giant is on the prowl, leaving its footprint wherever it steps. It has conquered a continent, and now seeks to make its mark on the rest of the world.
The giant is China, the world's most populous nation and in recent years the dominant country in Asian sports.



China brings some world-class stars to the games, including gymnast Li Ning (four golds so far) and diver Tan Liangde. The 388-member team, third largest at the games behind South Korea and Japan, is deep in talent.
"The main point is that the athletes train very hard," said Wei. "Success depends upon the degree of their training."
Such training has made the Chinese athletes physically over-

powering in some events. "China has some good outside shooters, but it's their physical strength and their size," said Charif Young, the Kuwaiti basketball coach, after his team lost to the Chinese, 99-75, in the first round.
"They just wear people down. They are fairly quick, but they don't get out quick you," he said. "They do the second shot, they throw you off balance. They pressure you and pressure you inside."
Qian Chenghai, the Chinese basketball coach, agreed with Young's analysis. "You must be strong to play 40 minutes of basketball," he said.
In building their programs, Wei said, the Chinese have borrowed techniques and coaching help from around the world.
"We have learned from the strong points of all countries," he said. "In swimming, we have gone to the GDR [East Germany] and asked for help. We think the result has been good."
China has won four of the first 14 swimming gold medals this year. Their first swimming gold came four years ago in New Delhi, where they won three events.
East German and Australian coaches have been consulted in rowing, and U.S. coaches have helped out in track and swimming. Wei said, adding that coaches from the Soviet Union have not been used to help China build its athletic programs.
Chinese athletes will return to Seoul in two years for the Olympics, and Wei said they should continue to do well then in diving and gymnastics, and should improve in fencing and shooting.

NCAA to Detail Anti-Drug Program

By Will Dunham
United Press International
WASHINGTON — Facing congressional pressure to raise big-time college sports to the National Collegiate Athletic Association on Wednesday was to detail its plan to test athletes for drugs and steroids during football bowl games and championships in other sports.

"It's the most demanding testing program of any sports organization in the United States," NCAA spokesman Jim Marchionni said. "It's more than a drug-testing program—it's a drug education program that includes drug testing."

The testing will start with 1986 fall sports. Marchionni said. In football, it will begin during the Division I-A, Division II and Division III championships and will include testing of Division I players who participate in bowl games.
Marchionni said the NCAA would disclose agreements with laboratories approved by the International Olympic Committee to handle the processing of the urine samples for drugs such as marijuana and cocaine, as well as anabolic steroids, which promote muscle bulk.

Another Yankee Reject Sets Pitching Mark

Compiled by Our Staff From Dispatches
HOUSTON — Put Jim Deshaies on the list of players the New York Yankees let get away.
Deshaies, the left-hander the Yankees traded to Houston for Joe Niekro last September, set a modern major-league record Tuesday night by striking out the first eight batters he faced en route to a two-hit 4-0 victory over Los Angeles that cut the Astros' magic number for clinching the National League Western Division to two.
Deshaies broke the record of seven set earlier this year by another former Yankee, Joe Cowley of the Chicago White Sox — who last week pitched the major leagues' first no-hitter in two years. Mickey Welch of New York set the all-time mark by striking out nine to start a game on Aug. 28, 1884.
Deshaies, a rookie, finished with 10 strikeouts (and one walk) in registering his first major-league shutout and complete game. The only hits he allowed were a leadoff single by Steve Sax in the fourth — Sax has hit safely in 21 straight games — and a one-out single to Enos Cabell in the seventh.
"I wasn't aware of the record, to tell you the truth," Deshaies said. "It was kind of a freak thing, but it's not surprising because I had a good fastball early. I just wanted to throw fastballs until I couldn't throw them anymore."

Except for cleanup hitter Pedro Guerrero, who was caught looking, Deshaies' eight victims all struck out swinging.
The 26-year-old had not pitched since Sept. 10. Manager Hal Lutz rested Deshaies after the rookie

had been rocked in three previous starts, giving up 20 hits and 12 runs in 13 innings.
Lutz was planning on going with a three-man rotation for the playoffs, but Deshaies' performance might change things.
Reds 6, Giants 5: In Cincinnati, Kurt Stillwell singled in Ron Oester from second base with two out in the seventh to snap a 2-2 tie and help the Reds tie San Francisco for second place in the Western Division. Stillwell had scored the tying run on an inning earlier when he was hit by a pitch and eventually came home on a two-out single by Tony Perez, who added an RBI double in a three-run eighth.
Pirates 6, Phillies 5: In Pittsburgh, a rookie, finished with 10 strikeouts (and one walk) in registering his first major-league shutout and complete game. The only hits he allowed were a leadoff single by Steve Sax in the fourth — Sax has hit safely in 21 straight games — and a one-out single to Enos Cabell in the seventh.
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Jim Deshaies Working against the Dodgers.

VANTAGE POINT/George Vecsey
The Sacred Word and Rumblings from Olympus

New York Times Service
NEW YORK — One of the lesser known facts about the U.S. Olympic Committee is that it has the sole legal right to the word "Olympic," under the 1978 Amateur Sports Act, which strengthened a 1950 act of Congress.
The USOC occasionally contacts modest souvenir dens and other businesses, as well as any competitors that use the word "Olympic," to tell them to change their names quicker than Carl Lewis depositing a five-figure appearance fee in his amateur trust fund.

"Our primary concern is people using the Olympic rings for commercial reasons, for items like apparel," said Richard G. Kline, the attorney for the committee.
It is understandable that the committee would be concerned about other competitors using the word "Olympic." Imagine thinking you were buying box seats to an Olympic basketball game, and seeing a bunch of 11-year-old campers in oversized gym shorts in the Camp Pochantas Olympics. What's Bobby Knight?

Since the committee cannot possibly investigate every business using the word "Olympic," we decided to hire a private investigator named Diogenes, who disguised himself as a consumer carrying a lamp. If he could find anybody fooling the public, we were going to turn him in.
The first stop was the Olympic Dinner out on Long Island, where he said to Gus the caterer: "I want a large Greek salad. But first, tell me: Is this an Official Olympic Greek Salad, just like in the 1984 Olympics in Los Angeles?"

"I don't understand you."
"Come on, you know how they did it in Los Angeles. They had the Official Olympic Synchronized Swimming Hair Gel, the Official Olympic Aspirin, the Official Olympic Athlete's Foot Powder."
"This is a Greek salad, not an Olympic salad. Do you want it or not?"
Diogenes swung over to the Astoria section of Queens and felt like Inspector Maigret and Sherlock Holmes rolled into one as he spotted the Olympic Cleaning Co.
"I want my apartment cleaned every week," he told Tulla, the office manager. "But I don't want any siffuff. I want a couple of real Olympics to do the job."
"Who do you want?"
"I want Mr. Ueberroth and a Ms. Retton to do my apartment," Diogenes said, hoping to nab Tulla on false pretenses.
"We don't have anybody by that name."
"Never mind, I'll do it myself," Diogenes said getting back in his car.
His next stop was New Jersey, where he dropped into the Olympic Travel Agency. Katerin, the agent, mapped out an itinerary for his imaginary trip to Greece: Olympic Airways, Olympic Bus Tour, Olympic Hotel, Olympic Restaurant, Olympic Bath and Tennis Club, Olympic Sauna, Olympic Motor Bikes. . .
Diogenes didn't think the committee was empowered to bust anybody in Greece, at least not yet, but perhaps he might catch Olympic Airways trying to horn in on the committee's turf.

SCOREBOARD

Table with columns for National Football League Leaders, American Conference, and National Conference. Lists team names and statistics.

Table with columns for Baseball Roundup, Yankees, Red Sox, and other teams. Lists game results and player statistics.

Table with columns for Tennis Leaders, ATP, and WTA. Lists player names and tournament results.

Table with columns for PGA Leaders, PGA, and LPGA. Lists player names and tournament results.

Table with columns for Tuesday's Line Scores, American League, and National League. Lists team names and scores.

Table with columns for Major League Standings, American League, and National League. Lists team names and win-loss records.

Advertisement for IB BLANCPAIN watches. Includes a large image of a watch and text: 'IB BLANCPAIN Since 1735 Masterpieces of Swiss Watchmaking art GARRARD The Crown Jewellers LONDON - VIA 221'.

مكتبة من الأدب

ART BUCHWALD

On the Hotline to God

NEW YORK — The last time I talked to God about politics was six years ago. I interviewed Him concerning an endorsement of the Moral Majority...



"The reason I got in touch with Him last week was that the Reverend Pat Robertson said he was throwing his hat in the presidential ring in accordance with God's wishes."

De Laurentiis Reportedly Planning Studio, Park

SYDNEY — Dino de Laurentiis has decided to build a film studio near Australia's Gold Coast resort which will include a major theme park, the Sydney Morning Herald reported Tuesday.

Calling Bluff in South Africa

By Alan Cowell

New York Times Service

JOHANNESBURG — When J she first thought of documenting the misery of fellow blacks through the pages of an autobiography, Ellen Kuzwayo said, she found that she was burdened by a legacy of her skin color.



Ellen Kuzwayo: "For too long, we thought they meant what they said."

summary of the very odds that Kuzwayo has overcome to defy that status that the system of white rule would confer on her. Kuzwayo was educated at schools run by missionaries and later became a teacher, spending a peripatetic life among relatives, marrying only to divorce after two sons were born, and being drawn into the politics of black protest.

In a recent conversation, Kuzwayo's defiance seemed undimmed. When she was asked, had changed in the two years since the white authorities first promised racial change with a new constitution? "The change is that — I'm going to put it very bluntly — I think the black people in South Africa have called the bluff, the myth of the South African government."

And, while she was writing, the University of the Witwatersrand here offered her an office so that, in a way, her life bridged privilege and poverty.

But that does not seem a particular problem. When, in 1976, she was studying for her diploma at age 62 — she came out of the university for lunch and saw a crowd of photographers and television cameramen looking for position at Barajas Airport.

PEOPLE

Braille Playboys Ordered

A federal judge in Washington ordered the Librarian of Congress to once again produce a Braille edition of Playboy magazine. U.S. District Judge Thomas F. Hogan ordered the Librarian to begin in January to publish 12 monthly editions of a Braille Playboy, which comes in four volumes and contains no pictures or advertisements.

for the singer and his wife Barbara flew in from California aboard his private jet. The singer, scheduled to perform Thursday at a soccer stadium accompanied by members of the London Philharmonic Orchestra, will earn "just a little less" than one million dollars for his 90-minute performance, said Alex Zera, the concert organizer.

With the pride of new homeowners, Jimmy and Rosalynn Carter showed off the Carter Presidential Center and its museum exhibits in Atlanta to reporters and community leaders. "This is my first tour, so you'll have to pardon my amateurish approach," Carter said Tuesday as he introduced a film on his presidency that will be shown at the beginning of each tour.

Language is the key to winning in the world marketplace, says Tom Peters, author of "In Search of Excellence." He says American executives must study their foreign competitors but are unable to do so.

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